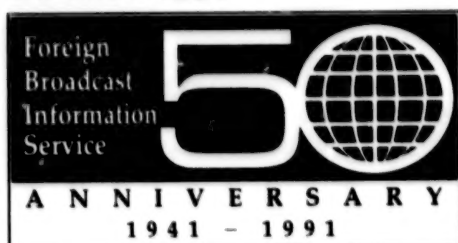


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30 MAY 1991



JPRS Report

East Europe

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ALBANIA

Kadare Defended Against Paris Critics

91P20345A Paris LE MONDE in French 7 May 91 p 2

[Article by Besnik Mustafaj, author and deputy in Albanian Peoples Assembly from the opposition Democratic Party: "Judging Ismail Kadare?"]

[Text] As a committed intellectual, I would like to say to all those who, having lived their life in Paris assume the right to categorically judge and give advice to a brilliant writer from my country, that they are committing a serious error. They do not know the history of Albania over the past 50 years; they do not know the irreplaceable contribution of Ismail Kadare in ensuring that a small and poor nation was not completely perverted under the terrible pressure of the ideological and police-state violence of communism.

To understand this reality a bit, I would like to recall a single fact: There was still a city in Albania retaining the name of Stalin up to 21 December 1990, not to mention dozens and dozens of gigantic statues still in existence throughout the country which remained there for reasons other than simple inertia.

The Workers Party and its leaders, Enver Hoxha and Ramiz Alia, identified themselves systematically and proudly with the heritage of the Soviet communist dictator, thereby demonstrating that this period is far from over in Albania.

I would like to ask all those who want to judge Kadare today not to forget how difficult it is to develop talent in the absence of freedom. Ismail Kadare had to devote a lot of energy and make a lot of sacrifices to keep his integrity as a writer. We, the writers who came into the world of Albanian literature 20 years later, honor him with the greatest respect for his sacrifices.

Albania was not the USSR with its Solzhenitsyn or Sakharov, or Czechoslovakia, with its Havel.

No, Albania only had Ismail Kadare, who was writing *The General of the Dead Army* at the time of the cultural revolution, when Mozart and Shakespeare were banned for being "dangerous for socialism." He was writing *Broken April* in the period of the massive purges of the 1970's, purges which began in cultural circles "contaminated by bourgeois ideology." He was writing *The Palace of Dreams and The Concert* at the beginning of the 1980's, when the power of the police hastened once more to protect the country from the influence of the reforms undertaken by Deng Xiaoping in China.

For us, Ismail Kadare was, above all, a living example of the possibility for Albanians to develop free thought and a rich imagination and to develop an intellectual personality despite a suffocating climate.

Those who have not had need of such an example have a hard time understanding the role played by Ismail

Kadare in seeing that Albania would achieve democracy someday. This is why they can talk like they are speaking from the top of Mount Olympus.

Not only by what he has written here but also by his departure, has Kadare helped, like no one else, to overthrow the dictatorship in Albania. The fact that on 8 December, the first day of the demonstrations, the students shouted "Kadare is with us!" should be significant for everyone.

Those who judge Kadare today do not know or do not want to know that, even though he has been in the West, he has kept his ties with us. Through his writings, he has continued to give very useful support to the opposition. Also, he has also made numerous appeals to various humanitarian organizations and in European political milieux for assistance to our people, who are faced with a tragic situation today.

As he has stated many times, he did it all as a writer and not as a politician. No one understands better than he where his place is. That is why he should be judged on the basis of what he has done and not on the basis of what he cannot do.

BULGARIA

Goals of Christian Democratic Union

91B10512A Sofia DUMA in Bulgarian 29 Mar 91 p 4

[Interview with Anton Balev, deputy chairman of the Christian Democratic Union, KhDS, by Mila Manova; place and date not given: "Christian Democracy Seeks Its Own Social Horizons; Anton Balev, KhDS Deputy Chairman, for DUMA Daily"]

[Text] [Manova] In today's Bulgaria, Christian democracy sounds modern as well as unclear. What is the fundamental idea found in the basis of your Christian Democratic Union (KhDS) formation?

[Balev] Christian democracy is characterized by an exceptionally rich ideological foundation. It has substantial advantages over many other political organizations because it applies the classical Christian moral and social norms to political life. On the basis of this eternal-in-nature code, it builds democratic society and develops good foreign political relations by following and implementing these main principles in personal and public life. Naturally, these advantages do not instill animosity and political arrogance in partners or opponents.

Christian democrats realize that, if a small part of the ideological and social wealth of Christian democracy is implemented in everyday life, then society's structure and people's interrelationships will change radically. It offers a very good model for establishing a democratic society and is neither a social offshoot of the church nor a clerical organization.

[Manova] Do you think that there is space precisely in our country for similar ideas?

[Balev] The Christian democratic movement in our country is truly quite new. This fact, however, does not mean that the social, cultural, and spiritual prerequisites needed for the formation of a Christian democratic party do not exist in Bulgaria. Bulgarians have consciously or subconsciously touched upon Christian democracy, even though it has never existed as a political line in our lives.

Our people's culture and traditions have been built on the principles from which Christian democracy draws strength. Our history is steeped in such spirit. A great many Bulgarian people carry these ideas as a family tradition. During the last year, several Christian democratic parties were registered here. There are several that exist without being registered, and new ones will be established. We are witnesses of a natural but nevertheless interesting phenomenon for our country, and that is that, during the last few months, Christian democracy's ideological wealth has become especially attractive, and many are turning to it.

[Manova] Still, the feeling remains that this is a mechanical transfer of European experience to our country. In your opinion, what exactly motivates the actions of individuals or a group of individuals to set up a Christian democratic party?

[Balev] Some formed such parties in our country in imitation of Western Europe, others realized the natural necessity of their presence in our political life, while still others were motivated by other things.

Our tendency toward Christian democratic formations is based also on the profound spiritual and moral crisis. In our country today, it is fashionable to show oneself as religious, and it is unusual for someone to be called an unbeliever. The creation of Christian democratic parties is naturally related to the religious revival in our country and many people's wish to redeem their guilt. There are good relations and cooperation among the many Christian democratic formations at this time. Points of conflict are disappearing, and the social horizons for joint activities are becoming clear.

[Manova] Would you tell us more about the KhDS—its goals, platform, and organization.

[Balev] This formation includes the Christian Democratic Party, the New Christian Democratic Party, and the Christian Radical Party. Christian democrats understand the existence of democracy in the light of Christian sociology and morality, while practicing Christianity is understood as the ideal form of public and democratic life. The nature of Christian democracy is not a mechanical mixture of institutional democratic and Christian elements. The Christian Democratic Union is made up of parties and movements that are equal. Every one of them leads a well-defined political life, evolving from its specific characteristics, but, within the union, they act in total unity. The members of the union try to participate

actively in overcoming the crisis without fighting with the other political parties and organizations. They are fighting against evil in the world, not against the evil-doers.

CZECHOSLOVAKIA

Issues Involved in Drafting Constitutions Explored

91CH05381 Prague LIDOVA DEMOKRACIE in Czech 16 Apr 91 p 4

[Article by Michal Lakatos: "A Constitution—But What Kind?—Tumultuous Street Slogans Peeking Into Councils of Politicians and Scientists"]

[Text] Early in the spring of this year the political parties have been rushing to formulate their stands on the principles of the CSFR Government power arrangement in a new constitution. Devising models of the power arrangement is now the preoccupation mainly of professional politicians. But also of the broad public, to no lesser degree. In fact, many undefined aspects of the state power arrangement have become translated into slogans at recent noisy demonstrations. We therefore offer our readers a detailed analysis of this problem.

It was the draft of the constitution by the president of the Republic which started it all. Its author's identity is not publicly known but its content does not make it difficult to guess from which workshop it originated. Then there is the OF [Civic Forum] (Civic Movement [OH], Rychetsky) standpoint; the HSD-SMS [Movement for Self-Governing Democracy—Society for Moravia and Silesia] (deputy Tichy) draft theses; the basic approach to a constitutional arrangement of the Czech and Slovak Federal Republic offered by VPN [Public Against Violence] (F. Gal); the ODS [Civic Democratic Party] (Klaus) statement on the basic issues involved in drafting a new CSFR constitution; the KDH (Christian Democratic Movement) (Carnogursky) draft treaty establishing a Czechoslovak federation; and several declarations by political parties which summarize general postulates for a new CSFR constitution.

Some of the proposals have a common denominator in envisioning a unitary state in the form of a federation, while others proceed from the sovereignty of national republics and transferring part of it to the federation by means of a treaty establishing the federation.

But there are substantial differences not only in the points of departure and the proposed models; they involve also the substantive content. What shall the CSFR become? A law-governed democratic state, a parliamentary democracy or a limited parliamentary democracy, a state based on social rights, a tripartite alliance or a dual federation, a centrifugal federation or a looser one, or a confederation?

The problem of Czechoslovak statehood have indeed reached a point which may be called truly historic. If it

breaks apart, the fact will leave a mark on both nations, Czech and Slovak, and on the civic society in both republics for a long time to come. They will have to find their own independent way under complex economic and international conditions. The process which began to unfold here with increasing intensity after 17 Nov 89 was fanned and fuelled sometimes deliberately, sometimes due to the lack of political perspicacity and serious political errors on the part of the current power elites. Now it has already acquired its own *raison d'être* and it is difficult to confront its logic. The players have dealt the cards and are determined to "break the bank." And success will go to those who manage it best.

There is reason to fear that the power elites in their present configuration will be unable to agree on an acceptable model of the constitution. And perhaps it would be better to leave its adoption to elites that will take office after new elections. Politicians who refuse to communicate with one another rationally have become useless for tackling such momentous problems as the arrangement of government powers.

What are the fundamental disputes now leading to antagonisms in regard to the government power arrangement in a new CSFR constitution? The disputes are primarily as follows: between a federation inclining toward a unitary state and one that is looser, coming rather close to a confederation; a federation proceeding from the principle of prior sovereign status of the republics and the status and powers derived from it to be accorded to the federation, dual or tripartite federation; a tripartite federation based on the national or territorial principle, a parliamentary democracy with most powers vested in the parliament or with limited legislative power for the parliament; a unicameral or bicameral assembly; a law-governed state or a state based on social rights; the head of state's powers "lightly" expanded or somewhat restricted; a civic society as the society's governor, or the people; a government subordinated to the parliament directly or through the president; broad powers for the federation or, on the contrary, a statutory limitation of the federation's powers or "pulling up" the republics to the level of the federation?

All these disputes comprise a wide array of problems which, if addressed concretely, offer a starting point for clarifying the principle of the government power arrangement in a new CSFR constitution.

In the first place we have the issue of the concept of a federation. OF-OH (Rychetsky) does not view the road of "transferring" powers from the federation to the republics as a desirable solution but rather considers as the suitable way for further steps a "pulling up" of the republics and their powers to the level of the federation "for which we all share responsibility equally." This concept stems essentially from the model of a unitary state in which the bodies of the national republics are objectively mere bodies of the federation. He rejects a "transfer" of powers from federal bodies to those of the republics. Thus the powers of the republics are raised to

the "level of the federation." Republican bodies are mere levers and transmission belts of the federation's central bodies. We have already gone through this system, carried out in the federal arrangement since 1970. It was put in effect by the party of the state—KSC [Communist Party of Czechoslovakia]—with negligible success. Returning to it would probably make little sense. Along with these national bodies, which presume to call themselves governments and councils but in reality are nothing but executive arms of the federation, there ought to be also a "subjacent" [podprahova] authority of the federation, that is, some sort of the federation's direct executive organs safeguarding especially the joint project of economic reform. I doubt that this proposal will win support from both national representations on the republican level. The Slovak political representation's concept is totally opposite. VPN, the most active political movement in Slovakia, has expressed its position as follows: "The constitutional arrangement of the Czech-Slovak federation must proceed unequivocally from the principle of a prior sovereign status of the republics and the federation's status and powers as derived from it" (F. Gal). The Czech National Council [CNR] in its position on the federal arrangement adopted on 19 Sep 88 stated as follows: "Both national states should be equal in status. In their joint interest both states entrust a part of their sovereignty and powers flowing therefrom to the common federal state." The present CNR's stand in this matter is not known.

Derived from the principle of priority of republican powers and the federation's referable powers is the construct of a "division of powers according to which powers not expressly delegated to the Czech and Slovak Federal Republic are reserved to the Czech Republic and the Slovak Republic." This is the principle categorically maintained by VPN which proceeds from it in shaping the constitutions.

In Slovakia VPN and KDH unequivocally accept as the suitable starting point for expressing these basic approaches (KDH more emphatically) a treaty which would set forth sovereignty, equal rights and other principles upon which a Czechoslovak federation is to be built, as well as its principal tenets and arrangements concerning the status of the highest state bodies and defining relations between them. KDH has already presented a draft of such a treaty.

ODS (Klaus) recommends that "the federation's powers be set forth not only in the area of the state administration's legislative basis but also by defining the powers of the republics, in practice in the same manner as obtains in the present when matters which under constitutional law are not exclusively within CSFR powers are to be delegated to the republics."

There are also a number of insubstantial differences relating to these two fundamentally opposite approaches, but there is no reason to cite them in this context. My question is: Is it possible to harmonize these fundamentally opposite standpoints, or do we have a

conflict which can be resolved only by rejecting one of the contrary concepts? There is no way of reconciling the contrasts between the two concepts, especially because each is backed by a strong political grouping. If the federation is to survive, one of these concepts must yield. Then there is the question of whether to have a dual or tripartite federation and also whether such a federation should be based on the national or territorial principle. OH (Rychetsky) categorically supports a federal arrangement based on the principle of two existing national republics, while admitting the possibility of a tripartite federation provided VPN consents to it. The Klaus group leaves out a tripartite federation completely. HSD-SMS prefers a territorial arrangement (in the Czech lands by recognizing provinces), but also concedes the existence of the Slovak Republic. VPN has no objection to any solution to the status of Moravia and Silesia with the broadest powers to them as long as the principle of equal rights for the Czech and Slovak nation is respected, and suggests that concrete proposals are within the Czech Republic's purview. So far none has been presented.

CNR is expected to express its position shortly. One can hardly assume that it will be favorable to Moravia's and Silesia's demands.

Among the Slovak political parties and movements the tendency is rather to adopt a neutral if not reserved stand on this matter which they regard as something to be resolved among Czechs, Moravians and Silesians. The political strength of HSD-SMS along with CSL [Czechoslovak People's Party] and some other parties which failed to win parliamentary representation is concentrated solely in the political backwaters of Moravia and Silesia. If this movement fails in its quest, it will become a significant centrifugal element for the federation with a tendency to grow along with social problems connected with the transition to a market economy. The key to the solution lies in the hands of the Czech political representation.

Resolution of these two fundamental problems, if it is ever found and the federation does not break apart, will determine how all the other problems involving the legal and social state are disentangled. If the gravity center of power moves toward the republics rather than the federation, if the federation's sovereignty is derived from the sovereignty of the republics all the way to the final consequences, the issue of the status of the federal parliament, head of state, and the federal government will become a wholly secondary matter, politically unimportant and, from the point of view of the civic society and its social power, insubstantial.

Federal offices will lose their present political character and will become a nonpolitical administration. Politics will move to the republican level and federal authorities will serve the republics as their common executive and nonpolitical bodies.

Czechoslovakia is facing two different roads: either the gravity center of power remains in the federation and the republican authorities, regardless of how they may be called, are essentially its executive organs, or on the contrary the political gravity center moves toward the national republics. These will become the governors of the civic society's social power. Federal authorities will be turned into mere common nonpolitical administrative bodies of the national republics. Viewed in its consequences, this is the reality we will not escape in shaping our constitution. Just how we will manage to translate it into the legal form of the state is in the hands of our power elites. We citizens probably will have a chance to say something about it only at election time.

ODA Supports Unitary State, Strong Federation

*LD1605135291 Prague CTK in English 1305 GMT
16 May 91*

[Text] Prague May 16 (CTK)—The Civic Democratic Alliance, ODA, backs the idea of a unitary state and a strong Czechoslovak federation. ODA Deputy Chairman Daniel Kroupa told a news conference here today.

According to the ODA, the Czechoslovak Federal Assembly should not pass a bill giving the national councils powers to decide about the future constitutional setup in Czechoslovakia as it could result in the disintegration of the federation. Kroupa warned.

ODA Deputy in the Czechoslovak parliament Karel Novosad said that the latest version of the land bill is in harmony with the Civic Forum election program and all deputies are therefore expected to vote in its favour. The controversial part of the bill on transformation of cooperative farms is to be put to a vote later on. Novosad said.

Czech, Slovak Christian Bloc Considered

*LD1605133391 Prague CTK in English 1206 GMT
16 May 91*

[Text] Bratislava May 16 (CTK)—The Slovak Christian Democratic Movement, KDH, considers setting up a bloc with Czech Christian politicians in the Federal Assembly to pursue common interests. KDH secretary Jan Petrik told a news conference here today.

Petrik referred to the latest coalition talks on the future constitutional setup in Czechoslovakia held at Lany on May 10, and the Slovak call for a state treaty between the Czech and the Slovak Republic and the creation of two sovereign republics. In the Czech Republic, the Slovak demand is backed mainly by the People's Party, while only part of the former Civic Forum politicians understand Slovakia's positions and the Civic Democratic Party and the Civic Democratic Alliance are in favour of a federation as a unitary state. Petrik said.

Democratic Forum Develops New Reform Program

LD1805130491 Prague Domestic Service in Czech
1630 GMT 17 May 91

[Text] The Czechoslovak Democratic Forum wants to build a democratic left based on brand new foundations. As could be heard at today's news conference, the party is drafting an alternative program for economic reform. It proceeds from the principles of a socially oriented market economy without cheap populism. It should focus primarily on the capacity of human potential.

Chairman of the Czechoslovak Democratic Left Jiri Kofranek spoke about the situation inside the Communist Party of Czechoslovakia where, especially in its Czech organization, a desire for revenge is rising. The internal state of the Communist Party of Bohemia and Moravia is, according to Jiri Kofranek, very different from the official statements, and the Czechoslovak Democratic Forum assesses it in a critical way.

Kucerak on VPN, Slovak Economics, Conversion

AU1605144691 Prague RUDE PRAVO in Czech
11 May 91 p 2

[Interview with Jozef Kucerak, chairman of the Slovak Council of the Public Against Violence movement, by Pavol Minarik; place and date not given: "A Rapid Return to the Scene"—first paragraph is RUDE PRAVO introduction]

[Text] Jozef Kucerak, until not so long ago a Slovak deputy prime minister, was recently elected chairman of the Public Against Violence [VPN] movement Slovak Council. We talked to him about the situation within the VPN, the economy, conversion, and other issues.

[Minarik] What will change within the VPN following the departure of its former chairman, Fedor Gal, who has asked to be released from his post in connection with his three-month study abroad?

[Kucerak] There will be no substantial changes as it could seem at first glance. We want to clarify our movement's political profile in the very near future, but we also want to be certain that the regulations for our activity will be more approximate to the regulations for a party. We would also like to improve the VPN's internal structure in order to increase its professionalism. In view of the fact that we are all succumbing to certain economic pressures, we will try to rationalize its structure despite the small number of staff in its apparatus. On the other hand, we want to encourage certain projects that would highlight our movement's position among the public.

[Minarik] Is this in reaction to your predecessor's recent declaration that the VPN enjoys the least support among the public?

[Kucerak] I only want to say that we have recently experienced many difficulties and overcome many problems and that we have also learned from them. Winning popularity at any price is not an insurmountable problem. However, we want to continue in our policy of winning over citizens for the values that form the basis of our movement. These are civil and human rights, preserving the federation, and introducing a market economy that will guarantee social securities more consistently than the policies of various leftwing forces do. If we are successful in this, we will win the citizens' support.

[Minarik] Will you strive to transform the VPN into a party?

[Kucerak] We do not want to unequivocally influence this process "from above." We have to respect the situation that arises in the movement. However, it is a natural thing for every movement that after a time it disintegrates and that various parties or factions evolve from it. There will be time to clarify this issue before our assembly in September.

[Minarik] Your former colleague in the government, V. Meciar, heads the For a Democratic Slovakia [ZDS] movement. Not so long ago, sparks were flying between you regularly. Despite this, do you envisage the possibility of cooperation between the VPN and the ZDS?

[Kucerak] I think there will be contacts. What they will be like will become clearer with time, the ZDS' specific political steps, and—mainly—the ZDS program that is currently being drafted. In the meantime, it would be premature to talk about forms of cooperation.

[Minarik] You are mainly known as an economist. Will you continue to cooperate with the Slovak government in the economic sphere?

[Kucerak] Of course. However, this does not only ensue from my attitude toward economics, but also from the VPN's responsibility for the course and implementation of economic reform. This cooperation will take place on many levels.

[Minarik] What then is your point of view regarding the export of tanks from Slovak armaments plants?

[Kucerak] As an economist, I feel we have to give proper consideration to whether the profit from these exports makes up for the possible loss of advantages that advanced states could provide us with commercially. I know they are considering various favorable forms of discrimination in customs duties as well as advantageous loans. However, this will not come off without patience. Positive effects do not appear from day to day in economics. As far as the specific orders from Syria and the possible orders for certain components from Iran are concerned, the question is whether in the next few months or years others would be added to them. I do not consider it responsible to rely on them and to put off the problem of conversion. I say this even despite the fact

that employees in the armaments plants have become convinced in the last few days that a certain politician will sign an agreement on the weapons export on their behalf. It is rather difficult to convince them of the opposite, that even the prime minister cannot sign such an agreement; people in our country have trust in senior officials and the power of their positions.

[Minarik] In your case, it has been confirmed that a prophet has little honor in his own country. You are considerably more popular in the Czech lands than at home in Slovakia. Why?

[Kucera] I perceive this to be a reaction to the fear that the federation could be threatened. During our discussions, my partners and colleagues in the Czech lands saw in me a person who is not indifferent to the federation's integrity. This is, obviously, the main reason.

Situation of Jews, Anti-Semitism Reviewed

91CH0567A Poznan WPROST in Polish 24 Feb 91 pp 31-33

[Article by Leszek Mazan: "Ashes on the Road"]

[Text] A broad promenade links Vaclav Square to Powder Gate, the representative entryway to Prague's Old Town. The promenade is paved with gray cobblestones. Behind the gate there is a conventional asphalt roadway with sidewalks; there were not enough cobblestones as some smart fellow had them exported to the FRG.

Those Jewish tombstones which had not been used to surface the streets of downtown Prague served, like here and there in Poland, to line stream banks. The difference is that here the sides with Hebrew inscriptions were carefully turned to face inward. People felt somehow ashamed of this lack of respect for themselves and for the memorials of the eternal wanderers no longer present in Czech land. The unspoken inspiration came from the top. For years and years care of these cemeteries was not permitted. More exactly, the state would not spend even a penny on it.

Of the 340,000 Czechoslovak citizens who died during World War II, 220,000 were Jews. Jews accounted for 30 percent of the personnel of the Czechoslovak troops fighting in the East and in the West.

Before the war they had accounted for barely three percent of the population of the entire republic. The recently published book, *Jews in the Czechoslovak Army*, is among the most voluminous publications dealing with World War II that I have ever encountered.

The Polish State Museum in Auschwitz/Oswiecim includes a "Czechoslovak Block" that contains an already 20-year old permanent exhibition. The opinion-making Prague weekly RESPEKT recently stated that the word "Jew" is absent from that exhibition. Instead, it contains portraits of leaders from the wartime and

postwar periods. The gallery lacks portraits of those who were Jews, and who died precisely for that reason, though not in Auschwitz or Mauthausen but several years later in their own, native, Czech land. The ashes of the Secretary General of the Czechoslovak Communist Party Rudolf Slansky, sentenced and hanged in November 1952 for mounting a "Trotskyite conspiracy," were scattered from a truck on a road outside Prague. This operation was supervised by Soviet advisers. Today a son of the condemned man, Rudolf Slansky, Jr., is the ambassador of Czechoslovakia in Moscow.

Several years after the war, 77,000 names of Jews from Bohemia and Moravia who had been murdered in Hitler's concentration camps were meticulously incised on the walls of the famous Pincas Synagogue. In the late 1960's, during a renovation, the plaster was removed. When it was reapplied in the 1970's and the list of victims was to be inscribed again, the Prague Czechoslovak Communist Party Committee provided a list of persons whose names could no longer return to the synagogue's walls. What was the reason? Ha, it could be understood even without reading Orwell's 1984. Besides, you know, what do we need a memorial to Jewish victims for when we do not have our own Czech one?

Czechoslovakia is practically the only European country which lacks a museum and a memorial to the nation's martyrology, a mausoleum of victims of fascism, a place of encomium where homage is paid to national tragedy and glory. When the desire to build it was expressed, or more exactly, when the authorities permitted writing about this idea (that was in 1987), it turned out that they planned (even before "social consultation") to build in Prague a memorial—even larger than the statue of Stalin demolished in 1962—to the "Liberating Army," that is, to the Red Army, whose commander in chief was Josif Vissarionovich [Stalin].

Who was there to attend to honoring the Jewish tragedy?

The name of the first Jew to reach the Vltava is unknown. The first name to be recorded in history was that of the Arab-Jewish merchant Ibrahim ibn Yakub. The oldest mentions of Jews in Prague derive from the late 11th century, when the Chronicler Kosmas also noted that the richest Jews were living in the environs of Vysehrad Bluff. Those living in a settlement on the other bank of the river, Mala Strana [Little Quarters], experienced the first two pogroms circa the year 1096. The persecutions lasted throughout the Crusades. Some of the Jews fled to Poland, while the remainder settled in the bend of the Vltava, in the area where today (in the heart of Old Town) stands the world's oldest active synagogue dating from the first half of the 13th century and bearing the name of Staronova [Old-New or Alt-Neu]. I do not know how to account for this name.

The interior of that synagogue is bespattered with the blood of the Jews who had ineffectively taken shelter there against successive pogroms. That perhaps was why.

toward the end of the 16th century, when Rabbi Mordecai Maisel attracted the famous Rabbi Loewe from Poland to Prague, the latter created the first clay robot, Golem, the blind executor of occasionally senseless orders, in the image and likelihood of man. He had created him only in order to command him, for human safety, to shatter into pieces.

Above the heads of the pious rabbis and hassids who today pray in Staronova Synagogue there is the attic where Loewe left the remains of his demented clay simulacrum. In 1924, nearly 300 years after those events, the king of reporters Egon Erwin Kisch climbed to the attic in spite of the most severe prohibitions by the Jewish community. He was looking for Golem, but he found nothing.

The Staronova Synagogue, the Pincas Synagogue, and five others survived, together with the entire Jewish quarter in the Old Town thanks to a man named Joseph Goebbels. There, on the Vltava, in houses of prayer, in the tangle of narrow winding streets near a cemetery containing a grave revered by the international Jewry, the grave of Rabbi Loewe, was to be established an anti-Semitic museum. The living exhibits were deported to the gas chambers, while the books, fabrics, liturgical articles, works of art, and household furnishings were brought in from the entire Bohemia and Moravia—170,000 items altogether. It is said that at least one-third of these come from Krakow, Lvov, Belzec.... At the offices of the Jewish community in Prague I was told several months ago that this is untrue. One thing is known to be certain: just before the anticommunist upset, in November 1989, somebody whose name has not been revealed to this day caused a number of Judaica to be transferred to Christie's auction house, while somebody else, to this day not branded publicly, approved the "return" to Israel, through the mediation of the local "Menora" Office for the Repatriation of Synagogues [as published], of 40 percent of all Prague collections (not exhibited, not examined, not restored). The transaction was not completed, and Israeli scholars offered assistance in examining the collections in situ, in Prague. The storerooms of the Jewish Museum contain several dozen crates that, as recently reported by the press, have not been unpacked since the war.

Havel is perfectly aware that the road to Europe and farther, to the other shore of the Atlantic, leads via the south. One of his first foreign trips was a visit to Israel.

He was to fly, as he had declared in a radio interview, with more than 300 Jews living in Bohemia and Slovakia, at the expense of the Czechoslovak Army (as part of exercises). Only about 200 flew. The reason was not given. Not enough Jews were willing? Impossible. Did they fear that the times would return when they would be faulted for that trip? That is more likely. Havel's visit reminded both Prague and Tel Aviv that before and after the war Czechoslovakia used to export arms to Israel and was the site of military training for groups of youth prior to their departure for the kibbutzes. The president's visit

resulted in a rapid resumption of diplomatic relations and in the by now evident heavy traffic on the Tel Aviv-Prague route. There are teachers of Hebrew in kheders and open courses, and there are Hebrew-language books, newspapers, films, and textbooks. Last fall tours began to be organized. In the once shabby, dusty canteen of the Jewish community near the Staronova Synagogue a kosher restaurant has been opened, and it is so crowded that in the evenings, despite its high prices (the beef has to be imported from as far away as Switzerland), a vacant seat is hard to find.

In the former Jewish quarters there is the sound of hammering, the smell of fresh wall plaster, the glitter of the mirrors of new stores. Former property owners or their heirs are filing claims for restitution and returning to Prague—for the time being solely through the mediation of attorneys and capital. Is this big money? I do not think so, but it is sufficient to revive Golem's quarter.

"Soon now," the manager of the kosher restaurant smiles, "it will be like before the war here; he who does no business in Prague does not do it anywhere else."

"I am not Jewish," declared Vaclav Havel on the radio, "but I do not have to be one in order to understand and respect that people."

"I am not Jewish." Everybody knows that he is not a Jew. But do all chiefs of state in this part of Europe have always to say one word too many?

In the cemetery in downtown Prague, among 80,000 dead, lies, according to a legend, the lover of our [Polish] King Casimir the Great, the lovely Esterka, as does the only Jewish king of Poland, the banker Saul Wahl. The new Jewish Cemetery in Olsany contains the grave of Franz Kafka (cared for by a Polish Jew from Radom whose command of Polish is excellent and who, while in Auschwitz, was a fellow inmate of Cyrankiewicz [Jozef, born 1911, quondam communist Premier] and Motyka [Lucjan, born 1915, among other things, minister of culture and art in communist Poland]). Can Czech literature be imagined without Franz Kafka? Without Hanus Bonn, Egon Erwin Kisch, Edward Goldstuecker, Pavel Eisner? In the environs of Most there is a small cemetery containing the grave of the grandfather of Karl Marx (popular rumor is that only the tombstone is left, the bones having been exhumated and burned by the Germans). Bohemia is also the birthplace of Sigmund Freud. The history of Bohemia, the history of Prague, abounds as much in great Jewish names as does the history of Vienna.

Does anti-Semitism reign in Bohemia? No, not in my opinion. At least not in the edition prompting a civilized man to vomit. Sure, for years there used to exist "official anti-Semitism." But its traces in the mentality of the average Czech seem to be minimal if any. Sure, incidents happen—most often they are the antics of skinheads or punks. They are publicized but somehow in a manner different from ours, in a less exalted manner and perhaps therefore in a manner that is not debatable.

And yet, as Piotr Zantovsky recently noted in the weekly *REPORTER*, in a famous article dealing with Jews, "The Ground under the Feet of Jews in Czechoslovakia was Traditionally Burning." It was here that in Easter of 1398 thousands of Prague Jews were slaughtered. It was here that from the year 1561 until the times of Emperor Franz Josef I they were deprived of the right to call themselves humans. Nevertheless, since White Mountain [the Battle of White Mountain, 1620, when Hapsburg armies defeated Czech nobles], their assimilation proceeded more rapidly than in our country or other countries of Europe. Here an indubitable role was played by the influence of German [settlers]—the assimilation of these two peoples proceeded concomitantly. According to Zantovsky, the first symptoms of anti-Semitism in Czechoslovakia in this century appeared only after the Czechoslovak Communist Party seized power in 1948 and Stalin's anti-Semitic phobias were transplanted onto Czechoslovak soil.

The Jewish diaspora in Bohemia is among the smallest in Europe today. According to Miroslav Dolejszy, the author of a nationally known article about the mechanisms which had elevated Havel and his associates to Hradecany Castle, "The persons forming the present-day 'establishment' are either communists or the offspring of communists, Masons, or the offspring of Masons—and Jews," Dolejszy continues. "The formation of Czechoslovakia in 1918 reflected the aspiration to drive a wedge between Catholic Austria and Catholic Germany and was inspired by pro-Jewish orientations in the United States. Subsequently Jews lost Czechoslovakia for many years and only now American and, obviously, Jewish influences (they cannot be separated) are trying to penetrate our country."

The team of associates whom Havel took along to Hradecany or dispatched to foreign outposts includes many citizens of Jewish origin. This appears however to be accepted by an overwhelming majority of citizens as something that is not noteworthy. Much more attention is paid to, and many more comments are made about, the proportions of Czechs and Slovaks in the government, the embassies, and the parliamentary committees.

"Is it true," an acquaintance of mine asked a taxi driver en route from Prague's airport, "that your Deputy Prime Minister Komarek, who prepared your reform, is Jewish?"

"True," the hackie yawned. "So what?"

ROMANIA

Absence of Independent Judiciary Decried

JEB 106331 Bucharest ROMANIA LIBERA
in Romanian 18 Apr 91 pp 1-5

[Article by Petru Cîr: "Romania Is Not a State of Law"]

[Text] The communist regime had a horror of the principle of separation of powers in the state. Being an essentially "bourgeois" system that served, serves, and will continue to serve as the basis for any democratic state, it terribly bothered (bothers) the leaders and apologists of communism. This is what we read in N. Prisca's "Constitutional Law" treatise of 1977: "One of the basic principles of bourgeois constitutional law is the principle of separation of powers, which from a formal and legal viewpoint served—with a whole gamut of restrictions—as the basis for the state organization of our country until 30 December 1947 and was sanctioned in the 1923 Constitution. The acts of 30 December 1947 removed even the legal fiction (sic!) that still existed and replaced it with the principle of a single state power in the organization of the state." This is the kind of "constitutional law" that future judges, prosecutors, lawyers, and legal advisers studied at the university. It is not difficult to explain why today real experts in constitutional law in our country can be counted on the fingers of one hand. That is why the quality of the discussions in the Constitutional Assembly is often below mediocre. The most convincing example along this line is the suggestion of one deputy, the chairman of the Legal Commission and a jurist by profession, to include the statement: "No one is above the law" in the text of the future Constitution, as if the statements which establish that Romania is a state of law or which ban any privilege or discrimination did not implicitly contain the above mentioned statement, which was promptly adopted by the FSN [National Salvation Front] majority. On the other hand, the same majority refused to explicitly include the principle of separation of powers in the state, a principle called for in the electoral bill passed in March 1990. The explanation provided was that the principle in question results from the operation of the institutions envisaged in the fundamental law.

In a society like the Romanian society which is coming out, or rather trying to come out, of a 45-years dictatorship, the essential element of the separation of powers in the state should be to ensure that the judiciary power defends the citizen against potential and effective abuses by the legislative power and especially by the executive power. In all the European countries, including Romania, the executive power—the government—emanates from the legislative power—parliament—and cannot function efficiently except on the basis of a majority in the legislative forum. Consequently, the separation between the two powers is blurred because of their political predominance and because their operation generally is based on party discipline. The judiciary authority is nonpolitical and nonpartisan par excellence. It is obligated to preempt any violation of the law and of the Constitution by the other two powers. Except that the judiciary cannot notify itself. That is the right of either the prosecutor's office as the defender of state interests, or the citizens, when their interests are harmed. However, in order to ensure that the judiciary is impartial, it must be independent. Is the Romanian judiciary independent? We cannot say that it is, even in theory.

because the judges do not have tenure. Let us take only one major example: After the 20 May 1990 elections, among the Supreme Court justices appointed immediately after 22 December 1989, two were not proposed again to the Senate for confirmation by the president-elect. During the electoral campaign one of them had sat in judgment of appeals against presidential candidacies (including Iliescu), while the other had been a member of the Central Electoral Bureau, and on election day there had been many allegations of fraud. The first was demoted to the Bucharest Municipal Court, where he stood out thanks to his courageous attitude in the 13-15 June trial, and the other was promoted—if that could be described as a promotion—to secretary of state at the Justice Ministry.

Magistrates must be above any doubt. We do not even know who the Supreme Court justices are. No curriculum vitae appeared in the press. On the other hand, various rumors are circulating, among them that some of the Supreme Court justices who come from cities other than Bucharest have still not been assigned housing in Bucharest. But as we know, in order to protect magistrates from corruption, they must be given the best possible living conditions. In the United States, when the president designates a justice for the Federal Supreme Court (where a justice is appointed for life—one of nine members), the Senate submits the candidate to lengthy and strict hearings before confirming or rejecting him (as was the case with Robert Bork, named by President Reagan). In addition, the mass media puts him under the microscope: Is he a conservative or a liberal, what kind of family life does he have, did he ever use drugs or abuse alcohol, what is his position on abortion or homosexuality, etc. Such a person does not have a right to privacy: he is a public person. What do we know about the Supreme Court justices? Nothing or almost nothing.

The Supreme Court of Justice recently appeared in a bad light in at least three cases: the suit concerning abusively confiscated buildings, the railroad workers' strike in Iasi, and the transfer of the Robu vs. Vadim trial. We cannot refrain from remarking on the judiciary authority's lack of courage in the face of the executive power. There have been countless interventions in Parliament concerning the wrongous and sometimes abusive implementation of various laws by the executive. In some cases the law is not implemented at all. The judiciary is rarely notified. We have a bill on administrative disputes. How many citizens have recourse to it when their rights are violated? Most of them have not yet acquired the reflex of forcing a lawyer and they prefer to take their complaint to the government or even to the "sovereign" (read, president) from whence they return, more often than not, with nothing to show for their trouble. And how many times has the prosecutor general exercised his right to an extraordinary appeal in order to bring up an unconstitutional act (which is currently the only means of verifying the constitutionality of laws)?

This entire situation is also fueled by the fact that we still do not have a constitution, although the 1965 Constitution has not been explicitly repealed but is completely obsolete. The country is run on the basis of decree-laws and constitutional laws. On the other hand, the legislative system inherited from the communist regime is teeming with unconstitutional bills. Everything that has been said so far leads to a single conclusion: Romania is not a state of law and the principle of separation of powers in the state is still only a desideratum.

For the rest, I expect Mr. Iliescu to exercise his legal right and to announce on television, live and at prime time, the dissolution of the Constitutional Assembly.

Opposition Leaders on Future Government

1B406484 Bucharest: ADEVARUL in Romanian, 24 Apr 91, p. 3

[Article by Corina Dragotescu detailing survey of opposition leaders; method and date of survey not given: "The Opposition Views Itself. Others, the Administration"—first two paragraphs are ADEVARUL introduction]

[Text] Recently our opposition, sublime but almost completely absent, gave us fresh proof of its personality by its lack of enthusiasm (or worse!) about the visit of the French president. Its attitude prompted us to focus again on the views solicited not long ago from key figures of the almost undistinguishable landscape known as our parliamentary opposition.

The eight questions through which we attempted to delineate the scope, vitality, intentions, and prospects of the opposition were kindly answered by the following Parliament members [MP]: I.V. Sandulescu, senator, PNL [National Liberal Party], Ion Ratiu, deputy, National Peasant Christian Democratic Party [PNT-cd], Marcian Bleahu, senator, the Ecology Movement of Romania [MER], Radu Ceantea, senator, Romanians' National Unity Party [PUNR], Victor Surdu, deputy, Democratic Agrarian Party of Romania [PDAR], Cornel Nica, deputy, Social Democratic Party [PSD], and Petrisor Morar, deputy, the Romanian Democratic Front [FDR].

I. How effectively are you participating in the parliamentary life?

[Sandulescu] Although the parliamentary opposition is small in number, it plays a pretty important role. It plays one visible role and one invisible role. The visible one consists of its activities in plenum, where more than a few times we have succeeded in imposing our viewpoint by appealing to reason and value judgments, which persuaded the opponent to agree with us. There are many cases—not very many, but enough considering our minority strength—in which we succeeded in imposing our viewpoint. The aspect that is not visible and about which we are much more effective—because we have to fight against fewer people—is in commissions. Within

the commissions the PNL members have a very heavy say, they succeed in asserting themselves, and consequently, a bill that passes through such commissions is clearly marked by the position of the PNL representatives.

[Ratiu] Very poorly. The truth is that we operate in a parliament dominated by an overwhelming majority of the party in power, which means that we, the opposition, particularly the PNT-cd, who always held a firm and consistent position all these months ever since we joined the Parliament, have a minimal impact. True, we can intervene every once in a while, but not very efficiently. These are merely cosmetic interventions, like taking out a comma or correcting a grammar inaccuracy. In general, our party has refrained from such small interventions. We always expressed our viewpoint on the substance of important bills, which was very different from what was passed in the end. In a true operative democracy, the party in power, even if it has an overwhelming majority, sometimes accepts certain substantial modifications proposed by the opposition, as long as they are constructive. We, however, made countless such suggestions that were not adopted and that were simply rejected by the overwhelming FSN [National Salvation Front] majority.

[Bleahu] As representatives of an ecological movement we support primarily ecological positions. I personally am unhappy because almost none of these positions were adopted. The reason was that economic efficiency is always given the priority. The bills that are discussed do not bear the mark of the ecological movement.

[Ceantea] I don't think it would be honest to represent myself to the readers like a student who fills out his own report card and signs his teachers' names. I find it much easier to talk about my own ineffective participation in the parliamentary life. Not being experienced in political violence—meant here in the bad sense of the word—I risked speaking frankly, even if it aroused hostility against me, in the hope that was in line with the wishes of those who voted for me. My ineffectiveness in Parliament was rooted in my initial naivete when I accepted to take a risk and join the vortex of politics, thinking that after so much national suffering, at least for the short term—as an emergency—we will be able to practice this "profession" honestly, cleanly. At least as a revenge for all the past evil. Of course, I was not imagining a state of perfection, but certainly something better than what I am experiencing. I am pained to see people too frequently losing sight of the national cause—or the national issue, as it used to be called. The general social protection seems shaky to me. I feel guilty when I hear people longing for the recent past; a strange sort of guilt that I cannot quite locate, but it must be there since I feel it.

[Surdu] When we relate our activities to the number of deputies we have, we can view ourselves as having been and continuing to be effective. Our contribution has been a conceptual one, too, as in the case of the land stock bill on which we actually worked. Our deputies also

contributed amendments to the other bills that passed through the Assembly as drafts before becoming laws. Some were accepted, others were not. On the other hand, our effectiveness is not limited to activities in Parliament. I think that our activities in the field should also be evaluated, where our people are present from Thursday to Monday.

[Nica] Considering the five seats we won in the election, we can view our activities as positive. We participate in hammering out various draft bills in various commissions. We have a legislative proposal on the assets of the former Communist Party in which we move that the resources obtained by managing these assets should be used to support a social protection program. Similarly, we raised issues and we think that our activity has been positive. On making such evaluations we have to consider the maturity of our party and of Parliament, and why not say it, our maturity as politicians.

[Morar] Unfortunately, not very effectively. Of all the proposals we made, very few—I can count them on the fingers of one hand—got anywhere or were adopted. But I think that we have succeeded in somewhat sensitizing some MP's to the danger inherent in certain laws which did not always dot the i's and cross the t's and which revealed failings at their implementation that I spotted already when they were being passed. That's about the size of our effectiveness.

II. As a party, do you feel ready to take over the government?

[Sandulescu] We belong to a convention of the opposition parties, and within this convention we are bound not to accept to associate ourselves with the government.

[Ratiu] This is a purely academic question. In a democracy there is no formula for changing the government, unless it is through a vote of nonconfidence. I am convinced that if we had an opportunity to participate in the country's government, our party would be able to meet the requirements.

[Bleahu] As a party, to a certain extent.

[Ceantea] The PUNR, which I represent in the Senate, has not considered governing because it emerged in the political arena at a late stage, has not been able to advertise much, and was not expecting to win more than 5 percent of the votes! Its objective was not to take over the government, but to become responsibly involved in legislative work. The establishment of this party was not prompted by an appetite for power, but by the sense of a certain threat, which turned out to have been correct. That was and remains one of the reasons for its being. We are still too young a state not to be concerned about our national destiny and our national existence. In answer to your question I will say that at this point we can assume some of the executive power, namely those aspects that are primordial in the PUNR program.

[Surdu] Not in every area. But there are a number of areas in which we have good people.

[Nica] We do have in our party a wide spectrum of well prepared people so that we could assume such a task, but only democratically, through elections. The nation expressed its wishes, it gave its vote to the FSN [National Salvation Front]. So at this point there is no question of the government being taken over by any other political group.

[Morar] The problem is more delicate than that. We never aimed at leading the executive power because we are a minor group with a relatively small number of members. I'm sure we would not have any special problems finding the people for forming a government. A possible government needs to have five to ten basic ideas, and I suspect that the administrative apparatus that the current government is using would work with the same zeal for whoever was in power and would implement its ideas within a detailed and coherent program.

III. Do you have an alternative government?

[Sandulescu] We do have an alternative government within the convention, but together with the Front.

[Ratiu] Our party has exceptional talents, especially in the legal and economic areas. We closely follow the activities of the current government as an intellectual exercise.

[Bleahu] We don't have a government, but we have many personalities who are our alternative to the current government. We can certainly not say that we would remove everyone from the current government.

I think that some of the members of the current government would be included in an alternative government. Generally speaking, we have an alternative for almost all of the government's areas of activity.

[Ceantea] I already answered this question.

[Surdu] We even have an alternative to the reform program, which will be discussed at our conference. So we are, so to speak, preparing.

[Nica] We have not considered such an alternative.

[Morar] We don't have an alternative government, but if we were invited I think we could provide support for the current government for hammering out draft bills (evidently promoting ideas from our economic alternative), and in the exceptional case that we were asked to form a government, I think that we would be able to respond positively.

IV. If you were asked to form a government, would it be a coalition government?

[Sandulescu] We would not agree to have a coalition government in the sense of only us and the Front joining, but the convention would deliberate whether it is ready

for a national unity government. Such a government would change the situation both internally and externally.

[Ratiu] I think that at the present anything else would be a mistake. I think it is essential that all the forces that want an authentic democracy should cooperate within a coalition government.

[Bleahu] A coalition is the only solution at this time. Let's say not a coalition government with parties, but a coalition government made up of members belonging or not belonging to various parties. So, implicitly, any government of ours would be multicolored.

[Ceantea] As I have said before, I am in favor of stability and of supporting the government in power, not of usurping it. If the energies that have been wasted, in an organized or unorganized manner, to foil its initiatives had been channeled toward consolidation, the general situation in the country would have been such that the government, meaning another government, would have encountered the same situation and the same number of difficulties about the transition from socialism to capitalism (the irony of history!). Which should certainly not be taken to mean that I am enthusiastic about the operation of this government. I find much to criticize it for, but criticizing is easy; the government itself is aware of its mistakes and the bad consequences of some hasty decisions. Too much "originality" is bad.

Of course, in an extreme situation a governmental coalition would be a solution. But how? According to percentages, or in equal parts? Better not to consider this kind of solution. Spring has come, many things are coming back to life, there is regeneration...and even change. There is maturation.

[Surdu] If that were the case I think the best thing would be to form a coalition government.

[Nica] I think that a coalition government is the best solution, which should have been adopted from the very beginning. If one of the parties were responsible for a certain area, how could it still criticize when some of the acts would bear the signature of a designated representative of the party in question.

[Morar] We would attempt to find a broad spectrum, even if there were people belonging to various parties, in the attempt to find capable people from a practical viewpoint. There are many theoreticians, but some of them are divorced from reality. At the current stage there is no justification for a cabinet government.

There must be a balance between the two forces, between the theoretical expert and the practitioner. I don't think that it is of major importance where the members of a government come from, the government's policy is important.

V. What party do you view as a long-term adversary?

[Sandulescu] The FSN.

[Ratiu] I don't think we have any formidable adversary. Our biggest adversary is ignorance and people's fear, their fear of the unknown.

[Bleahu] The FSN, without a doubt. But we'll have to see how it develops in the future.

[Ceantea] The one that will emerge and that is for the time being dispersed among the myriad of parties we have. Or the one that already exists and is lurking...

[Surdu] The FSN remains a formidable adversary for the long term, but depending on how it will evolve.

[Nica] Generally, we cooperate with all the political groups. We don't view them as adversaries.

[Morar] None of the parties will be an adversary for anyone. Unfortunately, the idea of a political party has fallen into ill repute in our country. Among this amalgam of parties and currents it is difficult to think of one as a formidable adversary also because of the great mobility of the supporters. Since none of the parties has an economic alternative meeting the needs of this stage, I find it difficult to decide on any potential adversary.

VI. Which party currently worries you?

[Sandulescu] None.

[Ratiu] We will see what happens at the various party congresses. The same goes for us, too. I don't see any party with a well defined economic policy or capable of offering a government alternative easily grasped by the masses. That is why we are not worried by any party. Once we have several formulas and we see that one of the parties suggests a wise policy for the future, then we might become alarmed for our party and its chances of coming to power, but we would be very content and happy that the country has a party capable of providing a solution. But I think that we will be in a position to do so.

[Bleahu] In some ways the PU'NR, because it is too extreme. As ecologists we want to always be an equilibrium party. The equilibrium we seek is not to be found in the PU'NR, which sometimes tends toward excess. Not always.

[Ceantea] The ones I mentioned before.

[Surdu] I don't know whether such a thing exists. We are worried by any party whose activities tend to confuse the public.

[Nica] We are against extremism. Being a party means being conciliatory.

[Morar] I am worried about all extremist parties

VII. What is your opinion of the extraparlimentary opposition?

[Sandulescu] We believe that the parties that are not represented in Parliament are so minuscule that they're not worth discussing.

[Ratiu] As a democrat, I do not believe in extraparlimentary activities for politicians. The man in the street can and must be encouraged to express his viewpoint even through demonstrations in the streets, through strikes, or all kinds of legal, nonviolent civic actions, as long as they don't infringe on human rights or on the rights of other citizens.

[Bleahu] I think it's insignificant. The parties that did not make it into Parliament do not constitute a numerical force; they may constitute a force from a moral viewpoint, but only if they join the extraparlimentary—let's say apolitical—opposition not subordinated to any party.

[Ceantea] Since we don't have a real and efficient parliamentary opposition, how could we have a serious extraparlimentary opposition?

[Surdu] I don't think that the extraparlimentary opposition is well crystalized. All kinds of groups keep being formed and reformed. As a party we would like to have three to four major political forces and three to four smaller political forces, as is the case in the other civilized countries.

[Nica] I think that the existence of so many parties is not to anyone's advantage. In order to really assert oneself one needs energy, which means financial resources, among other things.

[Morar] I don't think that an extraparlimentary opposition exists at a party level. I think that the parties outside of Parliament are not parties.

I think that the parties in Parliament are not parties anymore. They were at the beginning, when it was a matter of elections, and some cores will probably reappear for the local elections or for next year's elections.

VIII. Do you think there exists an apolitical opposition?

[Sandulescu] Yes, we do have an apolitical opposition, which I believe is very useful because I think that currently there are many people who left the FSN and in so doing left the political arena altogether; they are now in a holding position and don't know what direction to take. The purpose of this kind of civic life is precisely to rally around it all those who don't have the courage to join a political party. The Civic Alliance, its main representative, can on the one hand rally all the undecided, and on the other hand it can rally around it the intellectuals, some of whom are reluctant to belong to a political party, and thus prepare them for the time when they will be called upon to make a choice and to prepare them for one political alternative or another. I think that

the Civic Alliance is a useful and necessary phenomenon. I hope it remains in the opposition even if the PNL comes to power.

[Ratiu] There are, for example, the Group for Social Dialogue and the Civic Alliance, groups that want democracy and that are apolitical in the sense of a party.

[Bleahu] We have an opposition that is not registered with any court as a party and that has expressed itself as a street opposition with good or bad effects. But we also have another unregistered opposition which is very interesting because it is an opposition of intellectuals. I would cite the Civic Alliance, which incorporates many personalities who don't belong to any official party. Naturally, the Alliance is not apolitical because it is against the government. The explanation for its emergence and for the emergence of other such organizations may reside in the Romanians' fear of the word party, a fear that has become too deeply rooted. At the same time, however, the nonparticipation formula revealed itself as nonviable, and that is why these organizations emerged.

[Ceotea] Of course, ever since there has been politics there has been an "apolitical" opposition. Referring to this opposition I would rather call it nonpolitical, because I don't believe in the pure sense of the word apolitical, just as I don't believe that the word atheist is justified.

I detest those nonpolitical oppositions whose programs are based on futile hostility. We have such organized forms of "resistance." But what is even sadder is that there exists also a hostility directed against the nation, against our national being, which is very well organized and amply financed. Some of the leaders of this resistance are admirable intellectuals in their own right, that is to say, "technocrats" in the real sense of the word. They are neither with the administration, nor with the people. I think that they are also organized along the principle of "proletarian internationalism," since they seem to be more attached to other nations than to the Romanian nation and people.

[Surdu] I don't think there is an apolitical opposition, because anyone who expresses any political choice willingly engages in politics.

[Nica] There is no apolitical opposition. All the more or less political organizations engage in politics. The trade unions are allegedly apolitical, but many have demands that are implicitly political.

[Morar] I don't believe that there exists an apolitical opposition, or that there is anyone left who does not engage in politics. Currently there are forces that engage in politics without being organized into parties and that are at their best in the form of the Civic Alliance, but in my opinion that is not the most powerful force. The most powerful force is the trade unions, which is only normal when the interests of the working people they represent are attacked. There are still problems among them, but I

am convinced that if we don't know how to cooperate with the trade unions they will align their forces and at that point the situation will be different. At that point the trade unions may become the leading political force in the country and we would experience a new evolution toward the left, something that, as we found out, is not the most efficient solution. I repeat, this would be possible only if the interests of the trade unions members suffer and if appropriate social protection fails to be achieved.

[Box, p 3]

This survey among opposition representatives was carried out before the Romanian prime minister expressed his intention to form a government including members of the opposition parties and shortly before the FSN split.

Today the answers may have been somewhat different under the impact of those two above-mentioned events, at least concerning the chances of coming to power. Generally speaking, however, the views expressed reveal a situation that is not likely to change in the short term. The opposition, apparently busy with parliamentary activities, has not outlined a government alternative that can be presented to and accepted by the public. In this situation we may be asking a ninth question in addition to the eight above, namely: Would the incorporation of opposition members in the new cabinet bring about substantial changes in the initial reform plan?

Probably not.

Hungarian Language Education Analyzed

91BA0606A Bucharest ROMANIA LIBERA
in Romanian 24 Apr 91 p 4

[Article by Sorin Mager: "Hungarian Education in Cluj"]

[Text] The systematic denigration of our country and the deliberate disinformation of the public here and abroad concerning the "oppression" of the Hungarian population in Romania, including absence of rights in the area of education, continues with perseverance. Consequently, in the interests of mutual understanding between the two ethnic groups and their civilized and harmonious coexistence, it is necessary to reveal the entire truth on this matter that has generated so much tension and passions that unfortunately resulted in the creation of a climate of mutual suspicion, mistrust, and even hostility with undesirable, long-term implications that will be difficult to forget.

There is no doubt that if the large masses of honest Hungarians were aware of the real situation in the area of education (especially higher education, on which there is particular emphasis) and were not disinformationed by a subversive propaganda which is inflicting incalculable damage on the climate of good understanding, the grave events that occurred in Transylvania in 1990 may not have taken place at all. And the entire Romanian public,

especially on the other side of the Carpathian mountains, should also know the reality.

Let us then see what is the truth about Hungarian-language university education in Cluj. After the much talked about 1960 unification of the Babes University with the Bolyai University (established in 1946 under the aegis of Dr. Petru Gorza's government of "broad democratic concentration" at the recommendation of Generalissimo Stalin), Hungarian-language university education continued uninterrupted in the teaching schools (mathematics, physics, chemistry, biology, history and philosophy, and letters) despite irresponsible assertions designed to arouse dissatisfaction among the Hungarian population, to the effect that after the unification "Hungarian-language education was liquidated." Such assertions were circulated at the same time that it was said abroad—in an organized manner and on a wide scale (especially through the Hungarian emigration)—that in Romania a real genocide was practiced against the Hungarian population who was not even allowed to use its mother tongue.

The truth is that in the period following the unification (1960-89) the percentage of Hungarian day classes graduates of Babes-Bolyai University was about 24 percent, higher at the schools of chemistry (33.7 percent) and mathematics (29.4 percent). Currently the proportion of Hungarian students in math, physics, chemistry, and biology is 36.61, 28, 22, and 16 percent respectively. Among them, 42.4 percent are studying in Hungarian by their own choice. Forty-two classes at the school of chemistry, 19 at the school of physics, 15 at the school of math, and nine at the school of biology are taught in Hungarian. In keeping with this situation, the Romanian teaching staff in the various schools and chairs is equalled by faculty members who teach in Hungarian.

If to the percentage of Hungarian students at the Cluj university (which is far higher than the national percentage of the Hungarian population) we add the appreciable number of those attending other university centers (Bucharest, Timisoara, Tirgu Mures, Iasi, and Craiova) it becomes clear how unfounded is the assertion that in the past 45 years the Hungarian population lost over 100,000 intellectuals because of "disproportionate attendance of higher education." Equally unrealistic is the request (launched on 24 December 1989) to reestablish the purely Hungarian Bolyai University (with eight schools) for 12,800 students per year, who would be educated from kindergarden to the end of their studies exclusively in Hungarian. As for high school education, the Ministry of Education and Science has quotas for the minorities for which only students from among those minorities compete, which is more than is called for in the international legal documents to which the Romanian state is a party. In the wake of the implementation of this system, 57.7 percent of Hungarian 8th grade graduates, and 59 percent of 10th grade graduates have access to the 9th and 11th grades, respectively, while the percentage of Romanian students in the same situation is only 50.3 (7.4 percent fewer) and 43.2 percent (15.8

percent fewer) respectively. We have thus arrived at the incredible situation that in their own country, Romanian students with a higher point average than their Hungarian colleagues cannot go into the 9th and 11th grades. This is the truth about the discrimination to which the Hungarian population in Transylvania is subjected when it comes to education in their mother tongue!

In view of this situation, it is both reprehensible and inexplicable that the Foreign Affairs Ministry does not apprise the whole world, through all its embassies and the means of information at its disposal, of the truth about the educational situation of the Hungarian minority, with a view to once and for all ending the anti-Romanian propaganda and the disinformation circulated on this subject.

As for the alleged shortage of Hungarian-language teachers invoked in support of the need to establish a Hungarian university, in reality the problem does not even exist, because the shortage is felt only in the rural areas where there is an equal shortage of Romanian-language teachers in the wake of the general post-Revolution exodus toward the city. After the Revolution, the Hungarian teachers assigned to rural areas in various counties in Moldavia, Wallachia, or Oltenia did not relocate to villages in Harghita or Covasna to patriotically fill empty slots, but took the road to the big cities, especially in Transylvania, where in many cases they occupied Romanian-language chairs. Since in previous years, too, they had already been assigned to physics, math, biology, and chemistry chairs in the Romanian language because of their privileged position in being able to choose both kinds of teaching positions, we now have an abnormal situation in which at the national level 4,659 chairs in Romanian classes are occupied by Hungarian teachers. While this is going on, Hungarian-language positions remain vacant (especially in rural areas) and demands are raised for new and higher education figures in order to fill artificially and perhaps deliberately created vacancies. However, the most serious aspect of the issue is that there are Hungarian teachers who teach Romanian-language classes without having a sufficient mastery of the language. Consequently, they are unable to provide sufficiently clear explanations in physics, biology, or chemistry when it comes to language subtleties or nuances. Have we no reason to worry about this perhaps unique situation in the world (which affects the education of our own generation of students in our own country) and are we not justified in bringing it to the attention of the public and of those who steer the country's fate?

Is this concern a fixed idea, an unjustified exaggeration by a stratum of impassioned Transylvanian intellectuals blinded by chauvinism? Is it normal that on the eve of the 21st century, instead of becoming more "European," we should stubbornly promote separatism and isolationism through all possible means? (Not only separate cafeterias, dormitories, and perhaps hospitals, but I heard that in Cluj there is even a Hungarian association of the physically handicapped, probably in parallel with

one of Romanian handicapped). For the sake of our common interests and in the interest of trying to find the most appropriate and reasonable possible *modus vivendi* in this part of the world in which we were fated to live together, the answer to the last question can be only a resolute no.

YUGOSLAVIA

Kosovo Leader on Need for International Mediation

91BA10694B Zagreb: *VJESNIK (VJESNIK U SRJEDEU supplement)* in Serbo-Croatian 15 May 91 pp 1-2

[Interview with Ibrahim Rugova, leader of the Democratic Alliance of Kosovo, by Diana Rexhep; place and date not given: "The Albanians Are Not a Subjugated People"]

[Text] Ibrahim Rugova, leader of the Democratic Alliance of Kosovo, writer and member of the academy, president of the Society of Kosovo Writers, is today perceived quite often from outside as an Albanian national leader, and in the annual assembly of the Democratic Alliance of Kosovo, held in Pristina on 5 May, he was again elected the party's president by acclamation. We know him as a humanist, a man of good humor, and, as he likes to say of himself, an "ordinary man," a polyglot, and an intellectual well known to the European public. His reelection was the occasion for our conversation about the political reality today in Kosovo, Croatia, and Yugoslavia.

[Rexhep] Mr. Rugova, are the Albanians in Kosovo a subjugated people? We have been hearing reflections on how the absence of large rallies in Kosovo signifies that the Albanians consent to the occupation. How long will there be passive resistance?

[Rugova] I do not think that that is passive resistance. It is organized political resistance. The Albanians have never consented, nor will they consent to the occupation. Do not forget that we are still under martial law here. There are no policemen who are Albanians, there is no government based on the law, and we must therefore think over every step we take. Perhaps the behavior of Albanians today seems cowardly to some people, but according to our predictions, there could easily be a large massacre, and that is exactly what the Serbian authorities want. That has been done several times, beginning in 1912.

[Rexhep] By that kind of activity are the Albanians becoming political subjects in Yugoslavia?

[Rugova] The Albanians want to become a political entity and will do so, even though others have difficulty accepting that because they are accustomed to the Albanians constantly protesting something, even dying in the streets, and killing one another.... The communist government in Yugoslavia was indifferent, indeed since

1981 it has given its blessing to Serbia to continuously wield state terror against Albanians in Kosovo. Such rumors are heard even today—here is Kosovo for you Serbs, just leave us in peace! The Albanians are becoming an independent political entity, they are working in their own interest, and they will not do something of which others will take advantage at a particular moment for their own aims. Until yesterday, the prejudices prevailed about Albanians as a people that they were vengeful, armed, frenzied, that they enter into conflicts for the smallest trifle. That is no longer so today. The Yugoslav, European, and American public have gotten to know us, and we have their support. They are interested in the Albanian question being resolved both in Yugoslavia and also at the European level.

[Rexhep] You speak about internationalization of the Yugoslav crisis.

[Rugova] All the interethnic conflicts in Yugoslavia should be internationalized. The idea of Alois Mock, the Austrian minister, is an excellent one because there is no authority in Yugoslavia which, for good or bad, can hold in its hands the reins. Europe should not hold back from concerning itself seriously with the Yugoslav crisis.

[Rexhep] How possible is some political agreement of the Albanians with Serbia?

[Rugova] Serbia has always offered to us, and even now is offering to us, only the extreme option—war.

[Rexhep] It is also offering war to others!

[Rugova] Yes. A democratic coalition should be created among the peoples who have committed themselves to democracy already—the Slovenes, Croats, Muslims, Albanians, and Macedonians. The coalition should be created not only because of ethnic problems, but because of the danger to democracy. Also, of course, there is the problem of Serbian expansionist hegemony with appetites for other people's territory.

[Rexhep] Unless that policy renounces its territorial claims, war between Serbia and Croatia is inevitable. What posture would the Albanians take in such a situation?

[Rugova] I do not believe that there will be war between the republics. Should that occur, the Albanians would think about their interests in bringing about democracy and independence. The Albanians occupy territory in the large windswept space of the Balkans and they need above all a wise and tactical policy. They would, of course, enter into a coalition with Serbia (laughter).

[Rexhep] The Democratic Alliance of Albanians in Croatia is calling upon its membership to defend every foot of Croatia to the last drop of blood.

[Rugova] That arises out of a moral political conception because they are citizens of the Republic of Croatia and want to show solidarity with the Croatian people. They have felt the blessings of democracy, they have realized

their civil rights in Croatia because now they are freer there than ever before. They have organized politically by establishing their own party, and thus have become an independent political entity. It is normal for them to come to the defense of Croatian democracy because they are thereby defending their own freedom as well.

[Rexhep] In your opinion, how are we to account for the rebellion of Croats, when we are accustomed to the peacefulness and antiwar disposition of the people of that region?

[Rugova] The awareness of the Croatian people that they now have their republic has been awakened and they want its independence. They have had democratic elections there, the citizens have the government of the people, and they want to defend it by all means. There is also the aggression of the Serbian expansionist circles, which is jeopardizing a portion of the territory of the Croatian state. In that Serbian expansionist policy such as we have seen for years in Kosovo, there is now a new choreography. Undisguised Chetnik groups are being infiltrated into Croatia, which is still more dangerous. The question of territory is always a spark for causing conflict. The Croats are defending what is theirs. When a crowd of people go into the streets, matters get out of control and become dangerous.

[Rexhep] Recently, you have been talking more and more frequently about a Europe without borders. Are you abandoning the concept of a national state?

[Rugova] I am in favor of the Balkans and Yugoslavia, as far as borders are concerned, being organized like Europe, where the borders would be only administrative lines. But first we must resolve our specific Balkan relations, we must accept one another, and today this has not been done anywhere in the Balkans. There is also the Serbian complex of domination over others, the creation of a great empire, and so on. I do not expect that the Serbs will soon become aware and will realize that they and all the other Balkan peoples are a small people and that they cannot swallow up the Albanians, just as the Albanians cannot swallow up the Serbs, and the Greeks and Croats are also a small people.

[Rexhep] Yugoslavia is a multinational state. It is not a national state.

[Rugova] When Yugoslavia was created early in the century, the thought in Europe was mainly for it to be a state of the South Slavs, that the South Slavs would be a new European nationality. They forget the barriers of civilization and language that stood between those peoples. The Croats have an altogether different tradition in their civilization from the Serbs, and in the case of the Slovenes there is also the difference in language. The similarity of the Croatian and Serbian languages was supposed to serve as the foundation for building a new nation. The postwar communist government also pursued that policy. Look at the Yugoslav anthem! Hey, Slavs! But where are the rest? Yugoslavia was conceived as the national state of the South Slavs. Indeed its very

name says as much. But let us go back to your question. We are not backing off from the conception of national states, but not as conceived in the 19th century, but in modern Europe. France, Germany, and other European states are both national, but, say, emancipated. I would like it if we could go freely to Albania, move about without restriction, not to have to take into account where the border is at all. I favor a free movement of people, ideas, goods, capital, and so on.

[Rexhep] There would be no need, then, for Kosovo to unify with Albania?

[Rugova] In politics, one should be realistic. The Serbs, Croats, Slovenes, Macedonians, and Montenegrins have their own republic-states, but in Europe they are thinking of those borders as borders within a state, they do not have the status of international borders. We have an internationally recognized border with Albania. Europe is very sensitive about changing borders. We are realists. It is enough for us to have the kind of relations with Albania which are customary among European states, and the question of integrating Albanians in one state might possibly be a lengthy process.

[Rexhep] Serbia is afraid that if Kosovo is an independent federal unit the ethnic and human rights of the Serbian minority in Kosovo would be threatened.

[Rugova] I do not know why they should be afraid in advance of a democratically ordered government. The Albanians have never yet had the occasion to elect their government democratically. Naturally, we would protect all minorities and their civil, national, political, and economic rights.

[Rexhep] What are the guarantees of that?

[Rugova] You see, we have had a good taste on our own skin of what it means to experience state terror. Be certain that anyone who has experienced this misery certainly does not want anything like it to occur again for anyone. The attitude toward the Serbian and Croatian minorities in Kosovo would be our particular concern.

[Rexhep] The Croatian people are in a way passing today through what you have already seen in Kosovo. After many years of experience of activity in Kosovo, what message would you have for the Croatian people?

[Rugova] I know that the Croats have been attempting to carry on democratic conversations with Serbian intellectuals. I would not want to escalate that conflict and for the entire people or a larger part of it to be drawn in. All the casualties are senseless. During my last stay in Croatia I saw that everyone is politicized. They are not demanding anything other than being masters in their own house. Crowds in the streets are always a danger. The Croatian people have their own government, their own police, and there ought not to be a new conflict between the nationalities themselves. Let them put their

trust in the legal bodies of government, they should help them, but any organizational effort is in and of itself dangerous.

[Rexhep] And finally, a personal question. You have been announcing your withdrawal from politics, yet you have been reelected president of the Democratic Alliance of Kosovo. Are you a writer or a politician, perhaps the Vaclav Havel of Kosovo?

[Rugova] I am performing a practical task as an intellectual in politics. When I became involved and established for myself the goal of leading the Albanian people to democratic elections, it was my intention to see it through to its realization. I entered politics at a time when all the province's politicians were being cut down, at a time when there was a vacuum in Kosovo, when it was without leaders. I do not have political ambitions, my place is in Albanian literature. Literature is my calling. Very soon there will be a new generation of able politicians and specialists. For the moment, the membership of the party wants me to continue on as president.

Media Reaction to Failure To Elect President

BORBA Cites Press

91BA07134 Belgrade BORBA in Serbo-Croatian
17 May 91 p 6

[Unattributed article: "The Yugoslav Press: How Long Before the End of the World?"]

[Text] The meeting of the SFRY Presidency the day before yesterday, which ended in the failure to elect Stjepan Mesic to the position of the first man in the collective chief of state, quite understandably occupied the most important place in the Yugoslav media. The columns and comments followed the detailed information from that meeting. "The election fiasco, the first time anything like this has happened as long as the collective chief of state has operated, is an attempted murder and will have grave consequences and will ultimately take away prestige from the Presidency, which alone in Yugoslav space had the weight of a supreme command," said the first comment on Macedonian radio.

It also added that "the failure to elect Mesic is a Pyrrhic victory for the Serbian coalition."

The Blockade Is a Secondary Matter

"Exactly two months after the resignation of Borisav Jovic," writes DELO of Ljubljana, "the Serbian lobby has now, once again, opted for obstruction of the federal Presidency.... The failure to elect Stjepan Mesic is first of all a signal to the Army that its hands are completely free. During the Jovic abdication," the top military leadership did not take advantage of that blank check, but perhaps it will do so now.... "In practical terms, the Serbian move," according to DELO, "also cancels the agreement

on the principles for peaceful resolution of the crisis achieved last week in the federal Presidency." DELO also judges that the "Serbian regime was this time completely aware in risking once again that people abroad (and its own opposition) will accuse it of breaking up Yugoslavia. So, it probably is once again a 'short-term measure' whereby Serbia, even before the decision of the Constitutional Court, wants to assure itself the preservation of three votes in the Presidency. That 'offer' goes like this: Mesic gets his position as president in exchange for new representatives of the nonexistent provinces." "Whoever accepts the offer," DELO concludes, "will thereby be consenting once and for all to a policy of hegemonistic ultimatums."

Yesterday's commentary by SLOBODNA DALMACIJA included this statement: "The saga of Milosevic is continuing, proving once again that Yugoslavia exists only when and how Serbia wishes it.... In Belgrade, they knew even before the vote that Mesic would not be elected, there was talk about his 'provocative' optimism. That is why the vote itself was like a premeditated comedy...." SLOBODNA DALMACIJA also says that the blockade of Mesic is of secondary importance, "because Mesic could do nothing more than Drnovsek.... Now, the center of gravity of the government will obviously shift to the Federal Assembly and to decisionmaking by majority vote. The circus of voting 'confidence' will continue, just as the world will continue to laugh at our Balkanism, which has been provoked and planned...." SLOBODNA DALMACIJA concludes.

"So, this is not the end of the world, although it is, so to speak, only a step away from it," OSLOBODJENJE of Sarajevo comments on the meeting of the Presidency. "Yugoslavia, that is, the state, exists even if the president of the Presidency is not named and even if there is no Presidency either.... In his statement, Borisav Jovic assumed exceptional responsibility and has led the public to be uncertain about the sincerity of his...statement: 'It makes no sense to wage war....' which actually was based on...the program of the collective chief of state. Especially because he could not have been unaware that Mesic—also—had announced that his failure to be elected had been perceived in Croatia as a call for accelerating the separation from Yugoslavia," OSLOBODJENJE said.

The Murder of Yugoslavia

VJESNIK of Zagreb said in its editorial on the title page: "The scenario which Stipe Mesic has encountered is only the culminating testimony of those methods inside and outside institutions with which Slobodan Milosevic has been testifying for four years now, in his present-absent style, pulling the strings of his political puppets from behind the scenes. That goal has always come down to provocation...." VJESNIK also observes that "regardless of the carefully arranged maneuver concerning the federal Presidency, the institutional and constitutional framework of the Yugoslav political system has not in the least 'ceased to exist'—on the contrary, the 'murder

of Yugoslavia," rather than have it transformed into an alliance of sovereign states, is actually the ultimate goal of all Milosevic's maneuvers." And yesterday's VECER of Maribor notes that "the most recent situation in the state, whose head has been literally removed when Stipe Mesic did not receive sufficient votes, should be taken as the stark fact that the days of that unhappy state are really numbered.... Serbia and its satellites will not have a Croat in the role of the state, much less in the role of the commander of the armed forces," VECER writes, adding that "here the Serbs are not taking into account that they have committed the political suicide of Yugoslavia as a federation (which they so much favored so long as it was in their interest) and have contributed to the erosion of Yugoslavia's existence as an independent international entity." VECER goes on to note that: "the presidents of Serbia have thereby legitimized themselves for the first time as the destroyers of Yugoslavia to which they demagogically swore an oath."

"The debacle of the presidential candidate from Croatia can be most succinctly taken as a sign of resistance (of a number of representatives of federal units) to a militant, chauvinistic, and, with respect to Yugoslavia, undisguised destructive policy of the new Croatian government...." writes yesterday's EKSPRES POLITIKA, adding that "Stjepan Mesic, on the basis of everything he said and did in this period of one year, has at one and the same time been the product and standard-bearer of that kind of policy."

More Press Reviews

91B10713B Belgrade: NEDELJNA BORBA
in Serbo-Croatian 18-19 May 91 p 4

[Unattributed article: "The Yugoslav Press: The Country Hurtles Into the Abyss"]

[Text] "The military lobby in the Federal Assembly has nevertheless achieved in the end what had more or less been publicly planned for a long time now even after the new Law on the Military Obligation was adopted in late April. On Tuesday, they raised their hands in favor of the new Law on National Defense as well, but without the participation of the Slovenian deputies and a majority of the Croatian deputies," DELO wrote yesterday.

According to DELO, this "realized the dream which the military elite has had for many years of centralizing certain of the most important defense affairs, but it seems that time has once again overtaken the military bureaucracy. Slovenia and Croatia are leaving that state, so that it could easily happen that soon the military is no longer commanding anyone but itself."

Under the headline "Blackmail on the Installment Plan," yesterday's DELO said on the topic of the day: "When, in March, Slobodan Milosevic declared in public after Borisav Jovic's resignation that the Yugoslav Presidency was an illegitimate body for Serbia, then we can conclude that he has no better opinion of it at the present moment."

No Picture of the Celebrant

"What Stjepan Mesic thought could not happen did happen on 15 May in full view of the public—he lost in elections in which it would have seemed he could not lose, in which no one has ever lost before. No one, except Stjepan Mesic," Rade Brajovic, editor in chief and managing editor of VECERNJE NOVOSTI wrote yesterday, immediately concluding "and he has no one to blame but Stjepan Mesic."

Thus, for the first time in the existence of the collective Presidency of the state its president has not been elected, and the celebrant's pictures, praise, and congratulations have been replaced by a gloomy message from the Palace of the Federation which has made the population shudder because removal of the mask from the denuded votes was perceived as the final act in the division of Yugoslavia in which the portrayal of the breakup of Yugoslavia seemed convincing. The author of the article notes that Yugoslavia never in fact had a candidate like Mesic, judging that "he prepared his own defeat" in his views, controversial behavior, coquetry with the media, and nonchalant game of words.

Yesterday's VJESNIK wrote: "In their transparent blockade of the SFRY Presidency, Slobodan Milosevic's remote-controlled spokesmen attempted with their last convulsions to prevent Stipe Mesic from taking office as the head of the highest federal body of the state." In an article entitled "Slobodan's Lobby," VJESNIK goes on to say that "the so-called three Serbian votes and second eye in the head [reference to fourth individual who voted in opposition], have attempted, in response to an imperative obtained from the 'center of Slobodism,' to dispute Croatia's constitutional right to put forth its representative as president of the federal Presidency."

"The beheading of the top of the country's government best demonstrates the way forces are lined up in society and constitutes a striking illustration of a country that is hurtling into the abyss," OSLOBODJENJE wrote yesterday. The problem is primarily political, but, at the same time, it reveals a number of quandaries in the new situation concerning constitutional law. The article goes on to say: "How will Yugoslavia overcome the situation that has come about? The Constitution has nothing to say about this. The consequences are numerous: Many items in the jurisdiction of the chief of state are now in question: promulgation of laws, appointment and recall of ambassadors, representation of the country, and the most important vacuum—the Army is without a commander in chief. If now, in the meantime, the FEC [Federal Executive Committee] should receive a vote denying confidence, the chaos would be complete—there would be no one to designate the next officeholder."

"Is the real beginning of Yugoslavia's end on the horizon?" OSLOBODJENJE wonders.

Nothing Is Clear

"Instead of an unraveling of the Yugoslav crisis, the domestic and world public has, in recent days, confronted new forms of a Yugoslav crisis of which no end is in sight," VECER wrote in yesterday's editorial. It goes on to say that the session of the Federal Assembly, which the Slovene, Croat, and Kosovo delegations walked out of and in which new members of the federal Presidency from Vojvodina, Kosovo, and Montenegro were nevertheless solemnly proclaimed, has shown that in this country it is no longer clear at all what is constitutional and what is unconstitutional. The only thing that is clear is that this most recent constitutional crisis has turned Yugoslavia into a political phenomenon never before seen and with no comparison in the world.

"There is a great uproar in the domestic and world public over Stjepan Mesic's (non)election to the office of president of the SFRY Presidency. This is certainly justified when one bears in mind that this is yet another step that deepens the Yugoslav crisis. However, the surprise ought not to be great for anyone who has been following the situation in Yugoslavia continuously. Not only because this possibility had been noted and was anticipated by many people and because a segment of the public opposed Mesic's election (seeing him above all as the personification of those forces which are breaking Yugoslavia apart)," yesterday's NARODNE NOVINE of Nis wrote in an editorial entitled "Out, Mesic. Out...."

Yesterday's VECERNJI LIST wrote as follows in an article entitled "The Last Act of 'Serboslavia'": "The Serbian-Montenegrin policy (actually Serbian expansionist policy because Montenegrin policy does not exist today as an independent policy) has again shown its true face, but we should not complain of this because this has confirmed once again all those arguments that indicate the urgent need for Croatia to become independent. The behavior of Serbian expansionism, that is, their tripping of Stipe Mesic, which is actually the tripping of Croatia, constitutes new evidence that Serbia will have nothing other than 'Serboslavia' and expansionist Serbian domination."

"However this most recent culmination of the Yugoslav crisis turned out and whatever a majority on the Presidency voted for after the 'nighttime recess' and the Assembly's rush to help out, the minutes issued on 15 May will not fail to have consequences," yesterday's SLOBODNA DALMACIJA said. The article continues: "Not because anyone's illusions have been shattered—when it comes to the policy of Milosevic's Serbia, no one has had any for a long time now. But because many predictions proved mistaken, because we could have and should have learned that forecasts which count on the reasonable moves of Milosevic's policy will certainly be mistaken. It has now merely been confirmed once again that in a Yugoslavia that is to the measure and the taste of Milosevic's Serbia, Croatia could indeed provide a president of the federal Presidency, but under condition that he be elected by...Serbia."

YUGOSLAVIA

Defense Ministry on Ethnic Structure in YPA

*41BA07004 Belgrade POLITIKA in Serbo-Croatian
16 May 91 p 12*

[Article by M. Caric: "What Is the Ethnic Structure of the Officer Corps of the Yugoslav People's Army?"]

[Text] Sarajevo, 15 May—In connection with the recent statements of Alija Izetbegovic and Stjepan Kijunic, which were not documented, to the effect that the top military leadership and officer corps of the YPA [Yugoslav People's Army] is markedly out of line with the ethnic structure, that is, that officers from the Serbian nationality substantially predominate, Dr. Biljana Plavsic, member of the Bosnia-Herzegovina Presidency, asked Admiral Stane Brovet for the exact figures.

Another reason for her request was a verbal attack on her last week in which Stjepan Kijunic, member of the Bosnia-Herzegovina Presidency, reacted sharply to Dr. Biljana Plavsic's criticism of the Croatian Democratic Community [HDZ] because of its antimilitary campaign in western Herzegovina, when a military convoy was stopped for no reason.

The report, which arrived from the office of the federal secretary for national defense, states that the numbers pertain to the period of the last 20 years. A comparison is given between 1990 and 1971. As far as active military personnel are concerned, the breakdown in 1971 was seven percent Montenegrins, now 6.23 percent, 13.4 percent Croats, now 12.49 percent, 5.8 percent Macedonians, now 7.32 percent, 1.3 percent Muslims, now 5.26 percent, 3.7 percent Slovenes, now 2.32 percent, 60.4 percent Serbs, now 54.25 percent, 0.3 percent Albanians, now 1.46 percent, 0.5 percent Hungarians, now 1.03 percent, 6.1 percent Yugoslavs, now 9.26 percent, and miscellaneous 1.5 percent, and now, in 1990, they represent 1.37 percent.

Percentages are also given on applications of candidates to military schools. In 1990, the ratio of applications to quota was 34.5 percent for Croats, 148.8 percent for Montenegrins, 178 percent for Macedonians, 46.6 percent for Hungarians, and 233.4 percent for Yugoslavs. Because of the insufficient number of applicants for the military calling, in the present ethnic structure of the officer corps in the YPA there are not enough Croats, Slovenes, Albanians, and Hungarians. The representation of Muslims among active military personnel has increased more than fourfold over the last 20 years. If this trend continues in the application of Muslims to military schools, ideal representation will be achieved relatively rapidly in all respects, including generals, the report from the office of the federal secretary said.

Comparisons were also given between the number of generals and the number of colonels in order to ensure the most uniform possible representation in top command personnel. This ratio is as follows: 1:14 for Montenegrins, 1:10 for Croats, 1:9 for Muslims, 1:9 for Macedonians, 1:6 for Slovenes, 1:20 for Serbs, 1:3 for Albanians, and 1:18 for Yugoslavs.

Figures are also given on how many active military personnel are serving on the territory of their own republic. These figures are for 1988, 1989, and 1990. The explanation is given that this is because new military districts were formed as of 1 January 1989, that is, the old system of forming military districts was abandoned. The percentage of active military personnel stationed on the territory of their own republic was as follows: in 1988, 24.35 percent in Bosnia-Herzegovina, 19.7 percent in Montenegro, 48.2 percent in Croatia, 34.9 percent in Macedonia, 34.08 percent in Slovenia, 51.6 percent in Serbia; in 1989, 24.37 percent in Bosnia-Herzegovina, 19.39 percent in Montenegro, 48.18 percent in Croatia, 34.39 percent in Macedonia, 33.93 percent in Slovenia, 52.18 percent in Serbia; and in 1990, 24.32 percent in Bosnia-Herzegovina, 18.66 percent in Montenegro, 46.17 percent in Croatia, 33.46 percent in Macedonia, 34.61 percent in Slovenia, and 53.1 percent in Serbia. The figures for the first months of this year are similar.

Figures were also given on the percentages of active personnel of a particular nationality relative to the total number of all active personnel. Active military personnel of Croat nationality represent 12.49 percent of the total, Montenegrins 5.23 percent, Macedonians 7.32 percent, Muslims 5.26 percent, Slovenes 2.32 percent, Serbs 54.26 percent, Albanians 1.46 percent, Hungarians 1.03 percent, and Yugoslavs 9.26 percent.

The situation is as follows by military districts: Croats represent 8.95 percent in the First Military District, 7.82 percent in the Third, 15.36 percent in the Fifth, and 24.71 percent in the Naval District. Montenegrins represent 5.32 percent in the First Military District, 6.55 percent in the Third, 3.96 in the Fifth, and 4.76 percent in the Naval District. Macedonians: 5.79 percent in the First Military District, 17.62 percent in the Third, 6.43 percent in the Fifth, and 4.94 percent in the Naval District. Muslims: 5.83 percent in the First Military District, 4.72 percent in the Third, 5.85 percent in the Fifth, and 6.12 percent in the Naval District. Slovenes: 1.04 percent in the First Military District, 0.69 percent in the Third, 5.14 percent in the Fifth, and 3.01 percent in the Naval District. Serbs: 60.72 percent in the First Military District, 52.45 percent in the Third, 50.65 percent in the Fifth, and 40.11 percent in the Naval District. Albanians: 1.70 percent in the First Military District, 2 percent in the Third, 1.98 percent in the Fifth, and 1.35 percent in the Naval District. Hungarians: 1.19 percent in the First Military District, 0.87 percent in the Third, 0.81 percent in the Fifth, and 1.26 percent in the Naval District. Yugoslavs: 7.86 percent in the First Military District, 5.71 percent in the Third, 8.4 percent in the Fifth, and 13.49 percent in the Naval District.

CZECHOSLOVAKIA

Dlouhy Views Land Privatization Law Proposal

91CH0532C Prague ZEMEDLSKE VOJNY

90 Czech 29 Mar 91 p.5

[“Excerpts” from speech by V. Dlouhy, CSFR minister of economics: “On the Governmental Proposal of a Law Adjusting Relationships With Respect to Land and Other Agricultural Property”]

[Text] The submitted legislative proposal is a pivotal legal standard which is intended to lay the foundation for renewing and reintroducing ownership relationships in agriculture. At the same time, however, this legal standard must take into account the moral and political aspects of the entire problem, today's status of agricultural production and the market for agricultural products, as well as the realistic possibilities available to our state in the area of restitutions and rectifying wrongdoing.

The government is submitting a legal standard which, for the first time since February 1948, sets as its goal the rectification and arrangement of ownership and property relationships in agriculture which were forcibly ruptured and suppressed in years past. The proposed law makes it possible for owners to assert their rights and to freely decide on the methods to be used in handling their own property.

However, the government is also aware that after more than 40 years a production structure has formed in agriculture which, although it was imposed on the people, is characterized by low efficiency and high costs, but which—on the other hand—is today the basis for the production of foodstuffs. We are certainly convinced that a mere change in ownership structures and the introduction of a competitive environment will lead to definite economic positive changes in agriculture, but we cannot easily take over responsibility for disrupting at least the fundamental continuity of agricultural production of foodstuffs offerings, and for the loss of jobs for many people. Similarly, we cannot expose society to the high risk that the introduction of the rights of some people will be accompanied by injustices toward others. Such a procedure would mean not only the repetition of old errors, but, in terms of its consequences, would even be a fundamental violation of the recently adopted constitutional list of rights and freedoms, as well as of other legal acts to which our society acceded on its way toward a return of democracy and a state of law.

The government is presenting a proposal for a law which is in agreement with democratic principles and recognizes the inviolability of private ownership. The submitted legal standard must have an expressly restitutional character, preserve the essential continuity of foodstuffs production, and take into account the special characteristics of land ownership and land utilization, not only in agriculture or forestry or in the water

management economy, but also for purposes of protecting nature and other functions of the landscape.

The proposal for the law is based on the fundamental assumption that in years past the state was guilty of lawlessness against its citizens which it must eliminate today and compensate for to the highest possible extent.

The government is aware of the fact that compensation for property wrongdoings cannot return long decades to the people during which they were unable to live in their homes and work on their properties to their own benefits and to the benefits of their families and society and considered it essential to submit such a proposed law which would return to these people a feeling of renewed confidence in the legal foundation of the state. According to preliminary estimates, it is anticipated that about 70 percent of the land will be returned to private ownership and that the forcefully introduced forms of utilization relationships will be completely rescinded in harmony with general perceptions of the ownership law.

The proposal is based on the assumption that a legal or physical entity which is not an owner may only utilize the land and any other economic buildings connected therewith on the basis of a contract with the owner. The law permits an exception only in such cases where the owner of the plot of land is not known and in cases where, in the interest of utilizing the land, it can be rented by the land fund in place of the owner, but only until the actual owner asserts his rights. In this connection, and for information purposes, I would state that private ownership of land represents about 4.703 million hectares in the Czech Republic and 1.847 million hectares in the Slovak Republic.

The proposed law also provides solution for cases in which it is not possible to hand over the land to its original owner because it has been built upon or because it no longer exists. In such cases, the owner has the right to another plot of land owned by the state of the same size and of comparable quality or he has the right to financial compensation. It is left to the desires of the owner as to which form of compensation he selects. The proposed law also solves the problem of restitution of dwelling and economic buildings and permanent areas. Priority is given to asserting a form of handing over things and, where this is not possible, to providing financial compensation.

In comparison with the original government proposal and in harmony with the discussions in individual committees of the Federal Assembly, it is proposed that the circle of authorized individuals be defined and that this be done purely in relationship to the restitution portion of the proposed law. This circle of authorized individuals is essentially determined to be the same as in Law No. 87/1991 on Extrajudicial Rehabilitations. This means that an authorized person is either the original owner or his heirs, either on the basis of a last will and testament or on the basis of law. However, the same conditions apply here, namely that the authorized individual may only be a Czechoslovak national with a permanent residence on the territory of Czechoslovakia.

In contrast to the law on extrajudicial rehabilitations, the proposal for the present law does not independently define the liable individuals because the method for renewing ownership rights and the actual handing over of real estate is based on decisions by administrative organs, as I shall explain in more detail later.

The decisive period for restitution is determined in harmony with the other restitution laws, that is to say, it runs from 25 February 1948 to 1 January 1990. Only in the event Section 5, Paragraph 4, is adopted—something which is not part of the government proposal—would it be possible, within the framework of eliminating hardships caused by the law—to restitute property taken as early as 11 July 1947 to 25 February 1948, in accordance with Law No. 142/1947 on Revisions of the First Land Reform; however, this would apply only to a very limited number of cases.

One of the fundamental problems with which the proposed law had to come to terms was the transformation of today's agricultural cooperatives into cooperatives of actual owners. With respect to this problem, the Government of Czechoslovakia adopted a fundamental position that present agricultural cooperatives are cooperatives and that their property is cooperative property, the formation of which was shared in by the land, by the introduced capital, and by a labor portion. The presented proposal for a law on adjusting ownership relations with respect to land and to other agricultural property evokes the basic principles of transforming the cooperatives to cooperatives of owners (in Section 15 and Section 15a) by stating that even those people whose property is being utilized by the cooperative have an opportunity to share in the common decisionmaking and in the other cooperative activities. In making this proposal, the government complied with the justified interests of owners who can, thus, assert their entitlements to cooperative property which was formed even on the basis of evaluating their ownership. It is anticipated that this problem will be comprehensively adjusted by the amendment to Law No. 162/1990 on the Agricultural Cooperative Movement, which is currently already before the federal government as well as the governments of the individual republics.

Another of the points of this proposed law, to which I wish to draw attention, is restitution pertaining particularly to citizens of the Hungarian nationality, whose property was taken by the Presidium of the Slovak National Council Decree Nos. 4 and 104, dated 1945, and Decree No. 64, dated 1946. On the basis of the position taken by the government of the Slovak Republic, it is not recommended that this property be restituted. However, this naturally does not pertain to claims which are based on hitherto valid legal regulations. However, it must be noted that in no case does this involve the return of property to traitors and collaborators, as the public was erroneously informed by the communications media.

The proposed law also does not set as one of its goals the solution of the problem of property owned by communities because Constitutional Law No. 556/1990, which amends the constitutional law of the Czechoslovak Federation, expressly delegates this problem (Chapter 4, Paragraph 7) to the exclusive jurisdiction of the republics. Furthermore, the government does not recommend that this law be used to solve the problems of property owned by the churches, by religious societies, and by congregations because this circle of property is to be adjusted, as has already been stated during the discussions of the proposed law on extrajudicial rehabilitations, by a special law.

In view of the complexity of the problems which it adjusts, the proposed law has traveled a complicated and demanding road. In practical terms, the first proposal was presented to the government in September 1990. In view of the laws on extrajudicial rehabilitations and the so-called "transformation law," which were being worked out and discussed at the same time, it was subjected to ongoing adjustments and modifications and was approved by the Government of the CSFR and by the governments of the republics in the form of Printing No. 393 of the Federal Assembly. Particularly after the adoption of Law No. 87/1991 on Extrajudicial Rehabilitations, there arose the necessity to further modify this government proposal so that both regulations of a restitutional character were in mutual agreement. These changes in the form of supplements, proposed by deputies of the Federal Assembly, were discussed by the Government of Czechoslovakia and it expressed its approval of most of them. However, this necessary finalization does not change the principal building blocks of the government proposal of the law; it does, on the other hand, represent a counterstep to the alternative proposals wherever the government—in conjunction with the possibilities and risks listed above—considered it to be possible.

It is essential for the Federal Assembly to adopt this law as soon as possible because it influences both the confidence in property law in our society and also specific progress involving agricultural work. Let us be aware that a possible rejection of this law would mean retaining the current legal status which we certainly do not consider possible from the social standpoint. Let us therefore seek a realistic and politically responsible compromise. However, the government does not consider those alternative proposals to be practically realizable which would—among others—forcibly tie the owner to the land and to the property as a result of their consequences and which would legally anchor a possible return to the forceful collectivization of the 1950's, but under an opposite symbol.

Now, let us turn to some of the fundamental provisions of the proposal of this law in more detail.

In Section 4 of the law, ownership rights to agricultural property are restituted to citizens of the CSFR in cases where the property was taken for reasons named within

the section. The majority of the reasons are identical with or similar to the already approved law on extrajudicial rehabilitations; moreover, they also include the deprivation of ownership rights without compensation according to the law on the revision of the first land reform of 1947 and the law on the new land reform of 1948. In other words, it will be possible on the basis of this provision to return ownership rights to land (up to 150 hectares of agricultural land or up to 250 hectares of all land) to citizens, that is to say, including forestry plots, field roads, other areas, etc. The original proposal of the law was expanded by a provision in which, instead of referring to the provisions of the law on extrajudicial rehabilitations, there appears a complete listing of authorized individuals. This change took place in view of the need for a clear adjustment in a single legal standard.

The Government of the CSFR is proceeding on the principle that injustices caused over recent decades by deformations of the legal code or its incorrect use should be fundamentally compensated for by the state, but permits liable individuals, according to this law, to also be individuals other than state organizations which currently own the confiscated property.

The Government of Czechoslovakia does not agree with Alternative II in Section 4 which expands the circle of authorized individuals from citizens to churches, religious societies, monastic orders, and congregations because, in these cases, special regulations will stipulate which portion of state property will be allocated for their activities and this will be done without regard to whether this action involves the rectification of wrongdoings. However, we support the solution which is contained in Section 20a and the purpose of which is to not permit the privatization of property owned by churches, religious societies, monastic orders, and congregations until the law on their property is approved.

One of the reasons why the question of restituting agricultural and forestry land was not solved by the law on extrajudicial rehabilitations is the fact that in the absolute majority of cases it is not possible to identify the original plots which are to be returned and the fact that it will be necessary to make substitute plots available for the original plots of land. The government proposal, therefore, anticipates, in Section 4b, that the realization of transferring plots of land to original owners will be entrusted to specialized administrative organs—to land offices. The advantage of this solution lies in the fact that decisions by land offices will not require registration in the state notary system and that the courts will not be overly burdened by having to make decisions regarding contested cases. It is expected that there will be a possibility for handing over real estate by the same organization which holds it now, something which would be useful in cases where the entitlements of authorized individuals or the identification of the handed-over plots of land are not in dispute. The approval of such an agreement is to be entrusted to land offices—in other words, again subject to administrative

decision, with the proviso that the courts would reexamine such decisions upon appeal. The government considers such a solution to be acceptable.

The government cannot agree with augmenting the government proposal regarding the provisions in Section 5a in Alternative III. According to that provision, the courts could rule in favor of a citizen to whom a dwelling is returned and decide that even the ownership rights of another citizen who purchased part of the dwelling after it was taken from the original owner could pass to the first citizen. Such a settlement of the requirements of authorized individuals would signify a gross incursion into the property rights of current owners and would certainly bring about a justified loss of legal confidence among citizens, not to mention that it would not be possible to simultaneously and satisfactorily solve the problems connected with vacating this real estate.

The arrangements for financial compensation, as they are contained in Sections 8 and 9, were adapted to the law on extrajudicial rehabilitations in the sense that the financial compensations will be only paid in cash in part and, for the most part, will be in the form of securities, which do not have the character of a state bond. Moreover, it is expressly anticipated that the governments of the republics will establish the magnitude of cash payments through their own regulations within the framework of the upper limit of 30,000 korunas.

It is anticipated that financial compensation will be paid for buildings which have "expired" or which it is impossible to return and for plots of land for which it is not even possible to provide a replacement plot. Moreover, even the difference in prices arising as a consequence of the valuation or devaluation of buildings will be dealt with and a similar procedure will be adopted with respect to permanent plantations.

A special problem, which has to do with agricultural and forestry land, is the problem of compensation for permanent plantations (vineyards, orchards, forests). The government proposal did not address this problem in view of the difficulty of judging compensation for differences in the value of plantations which existed on land plots or which did not exist prior to the property being taken over by the state and plantations which do not exist or which are returned to the original owner by the time the land plot is returned. The government is primarily aware of the fact that determining the status of plantations decades ago and determining the difference in the prices of plantations will lead to difficult-to-solve conflicts. However, to the extent to which the Federal Assembly will, nevertheless, consider it necessary to address this question in the interest of objective justice in the manner in which it is suggested in the parliamentary report in Section 8a, there are no further serious objections to this process.

Special attention is commanded by that portion of the law which addresses the handling of state land which will remain following the settlement of restitutional claims

by original owners. Essentially, this will involve land which belongs to the state even prior to 1948 (a sizable portion of this land is made up of the basic forestry land fund which, according to the Constitution, is expected to remain under state ownership), and also involves land which is not claimed by the original owners. The principles of the market economy demand that legal or physical entities, which will be utilizing state land, not continue to utilize it free of charge and that the state should have the same standing in market relationships as do other owners.

It is, therefore, necessary to establish the rights of entities which will be renting state land or—in harmony with privatization projects—will sell or otherwise transfer land to other persons. Therefore, the government proposal anticipates, in Section 11, the establishment of legal entities within the jurisdictions of the republics which will be entrusted with this task. Concomitantly, the obligation of this organization—the so-called land fund—will be to handle the rental of land for owners who are not known (Section 11a), to exchange plots of land with owners wherever the law so anticipates in the interest of a just solution of the relationship between owners and users (Section 16, Paragraph 4—a plot of land in a horticultural settlement, Section 17, Paragraph 3—a plot of land valued as a result of high expenditures for permanent plantations). As the privatization process proceeds, the activities of the land funds will have to be deliberately incorporated into the system of privatization projects and, within their framework, the land funds are expected to monitor even the optimum utilization of land from the economic standpoint and from the standpoint of the creation of the environment.

One of the most debated questions during the preparation of the law was the question of the transformation of agricultural organizations. The government proposal is based on the fact that the transformation of state agricultural organizations is addressed by the law on the transfer of state property to other organizations and that the transformation of agricultural cooperatives will be addressed by the amendment of the law on the agricultural cooperative movement. The parliamentary report—and the government supports this position—in an effort to safeguard the laws of landowners and of other agricultural property utilized by agricultural cooperatives recommends the adoption of the outline provisions of Sections 15 and 15a. According to these provisions, these owners are to be granted the right to become members of those cooperatives who are utilizing their property and, as members of the cooperative, to thus acquire the right to a member share allocated to this property.

Although the government does not consider this solution to be legislatively completely clean, it does not, however, have any fundamental reservations with regard to the substance of the solution. In any event, however, it would be necessary, in Section 15a, Paragraph 1, to provide supplemental language indicating that the right to a share accrues to these owners only in the event they

become members of the cooperative. Any other interpretation would run counter to the generally recognized principles of cooperative law and would be unrealizable in practical terms.

In connection with Sections 15 and 15a, it is necessary to explain the government position with respect to returning livestock, plant, and equipment inventory according to Section 14. The government is fully aware of the fact that this involves a breakthrough into the principles of the other restitutional laws, which have already been adopted and according to which compensation is not granted for movable assets which no longer exist. In the interest of developing private management in agriculture, the government, thus, agrees with the payment of compensation to those farmers who wish to work the land outside of the structure of existing organizations; however, it does not agree with Alternative II, which is contained in the news report and, according to which, all other owners would be entitled to compensation for inventory. This would lead to the breakdown in the contemporary agricultural production structure and the government could not take on the responsibility in such a case for further supplying the population with agricultural products and foodstuffs. Moreover, in the event Section 15 were to be adopted, all rights of owners would be fully satisfied, so that the current arrangement according to Section 14 in Alternative II would actually mean double compensation payable for the same reason.

In the case of these paragraphs [Section 14, Alternative II], the government expressly supports the adoption of Alternative I and agrees with the text of the parliamentary bulletin in that the entitlement for compensation will be expanded to all owners who will engage in agricultural production. The government also agrees with and recommends the modification of the method of this compensation, which even makes possible the provision of services.

Important parts of the law are the provisions of Section 16 and those following, which signify a fundamental change in the utilization of agricultural and forestry land and possibly even buildings, in contrast to the hitherto valid arrangement. In the interest of equalizing the position of owners and users and creating similar economic conditions for citizens, cooperative and state organizations, the rights to enjoy free use of facilities are rescinded and are replaced, by law, by a rental relationship between the owner and the user, insofar as no other agreement is reached. The law adjusts this relationship in outline form. The size of the rental and the detailed content of the rental relationship is left to an agreement between both parties. Neither the user nor the owner are obligated to utilize the property. Both the owner and the renter are given essentially the same right to decide whether they shall continue in their rental relationship or cancel it. A shorter cancellation time limit is granted this year only to owners who decide to initiate agricultural production.

Special protection is foreseen in the law for users of land parcels containing gardening and weekend hut communities and structures subsequently built on these plots because, here, the law takes into account not only the common interest in preserving this type of supplemental agricultural production connected with family recreational activities, but also the legal relationships created in harmony with the legal code. It, thus, does not permit the termination of a rental relationship prior to the expiration of the time for which the right to temporary utilization was granted by the appropriate organization of the Union of Allotment Gardeners. Naturally, even this use will be on a venal basis, but in setting the height of the payment, the status in which these plots of land were at the time they were transferred to the Union of Allotment Gardeners will be taken into account.

In Section 22, the parliamentary report contains the proposal for inclusion of a new provision which partially amends the law on the agricultural cooperative movement. As is well-known, the valid law on the agricultural cooperative movement tasked the cooperatives with adapting their statutes to the provisions of the law and to adopt them by 31 March of this year. Rapid political development, the adoption of new laws, and the preparation of the amendment to the law on the agricultural cooperative movement have introduced new elements into this situation. A number of cooperatives have already adopted their statutes; however, these statutes can naturally not take account of the new relationships which will be established by the law on land ownership. Other cooperatives have not adopted the statutes on the basis of information that an amendment to the law on the agricultural cooperative movement is being prepared, according to which the statutes will have to again be adapted to new legal requirements. It is, therefore, generally expected that the deadline for adopting new statutes will be deferred to the end of the year. In view of the fact that the amendment of the law on the agricultural cooperative movement will be discussed later than this law, the government agrees that the question of adjusting statutes and deferring the deadline for their adoption be solved by temporary and rescindable provisions, as is mentioned in the parliamentary report.

Domestic Capital Formation Discussed

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an Czech, 25 Mar 91 p 4

[Article by Eng. Milos Zeman, deputy to the Federal Assembly: "The Beginning of Domestic Capital Formation; On the Alternatives of the Privatization Strategy"]

[Text] We have far too many negative experiences regarding the claim that there is only one acceptable alternative to a certain social process. Each alternative which is perceived in this manner inevitably degenerates, becomes a dogma full of taboos, is not enriched by discussion of frequently contradictory proposals. Even for the sake of retaining a pluralist field of possibilities

is, therefore, appropriate to mention the alternatives of the privatization strategy being promoted by the government.

Goals

A change in the form of ownership is being designated as the principal meaning of privatization strategy and the principal criterion is the success of the speed of implementation. This orientation appears to be necessary, but is hardly an adequate condition for actual efficient privatization. At the very least, the following goals are of equal importance:

- a) Formation of domestic capital and, thus, also of an entrepreneurial middle class;
- b) A change in the behavior of economic entities;
- c) The obtaining and utilization of the benefits of privatization.

Resources

The objections generally raised against the possibilities of the rapid formation of domestic capital state that, in comparison with the volume of state property which is to be privatized, the volume of capitalizable domestic savings is disproportionately low. This objection is fully justified, but is based on the unspoken supposition that savings are the only domestic resource. However, a second resource can be considered to be the possibility of capitalizing future income—in other words, future revenues and not merely the current status—on the assumption that an economic entity changes its conduct and is motivated to reduce its tendency toward consumption in favor of a tendency toward investments.

It is possible to illustrate the entire problem using the example of the progress of so-called small privatization which, in my opinion, is being implemented in an unsuitable manner. The auctions are being participated in primarily by participants equipped with the necessary financial resources, so that the availability of these resources is virtually the sole criterion according to which future entrepreneurial talent is being qualified. Those who might be willing to carry entrepreneurial risk and to cover payments from anticipated future revenues drop out of the game. It is precisely this group, without regard to its current liquidity, which can be the entrepreneurial salt of the earth; it is precisely this group for which we should create opportunities in the privatization process—of course, including the opportunity to go bankrupt.

The fact that, in the process of small privatization, installment sales were not made possible tended to expressly restrict, on the one hand, the sources for the creation of a future entrepreneurial stratum and, on the other hand, also actually reduce the auction price and, thus, even the volume of revenues based on small privatization. The granting of loans managed to partially solve this problem, however, in the process of large-scale

privatization, there would be a disproportional stressing of the banking system, which might lead to the risk of inflationary loan activities. However, installment sales do not always need to be essentially connected with loans. Installment payments are, in fact, covered by securities in the form of a mortgage. Consequently, the possibility of long-term repayments at suitable rates of interest may be considered as the opening of yet another noninflationary resource which, moreover, siphons off excess purchasing power and, thus, tends to stabilize the domestic market.

Motivation

A great unknown is the willingness of economic entities to make sacrifices in the form of deferred consumption and extensive internal investing. This willingness declines over time as the time it takes for actual economic reforms to take place, and depends on the realistic motivation of these entities. It can be anticipated that the entrepreneurial motivation, connected with the possibilities of self-realization and active confluencing of future revenues, will be substantially higher than that of a person of independent means. The proposed privatization strategy, and particularly its coupon form, however, unfortunately does not lead to either the creation of an entrepreneurial class or to the establishment of a disproportionately extensive group of small (and frequently comical as a result of this smallness) people of independent means who do not have an actual opportunity for entrepreneurial participation. The subsequent anticipated accumulation of domestic capital would then be a long-term process, the duration of which would specifically exceed the recommended speed for the coupon distribution of state property.

Much in the same manner as it was possible to favor, from the resources standpoint, the various forms of installment sales, leasing, mortgage loans, etc., it is desirable to favor, from the standpoint of motivation, the various forms of employee participation, particularly in smaller and medium-size enterprises. This need not be a matter only of employee securities or possibly a suitable utilization of the ESOP [employee stock option plan] system. It is even possible to consider a time-limited employee stock purchase plan in enterprises with a long repayment period. In contrast to small privatization, where preferential treatment for employees was superfluous because, as a general rule, the new employees will become even the new owners, the standard "popular stockholder" will exert no specific influence upon "his" enterprise, in view of the scattered nature of ownership. On the other hand, there is a danger of insider trading and the survival of bureaucratically nomenclatura leadership structures, which are now being passed off as managers. In the long run, this could lead even to substantial feelings of disappointment based on low or nonexistent dividends and to subsequent demotivation.

The Privatization Bank

The fund of national wealth can be considered either as a new State Planning Commission, implementing permanent entrepreneurial functions, or as a mere record-keeping and registration location without long-term economic activity. I believe that this fund should be a privatization bank to ensure, as the initial institutional investor, the sale of state property, and the depository of revenues stemming from venal privatization. However, to the extent to which this fund would place these revenues back into existing state enterprises under the slogan of their restructurization and preparation for privatization, it would merely be reproducing a state sector. This is why these revenues must be utilized differently.

One of these different methods can be considered to be the financing of extraordinary developmental programs intended to overcome our long-term backwardness in areas which would react differently to the advent of a market economy than with express time delay—primarily in education, health, and environmental protection. This is not merely a case of economic argumentation pointing to the fact, for example, that we shall not achieve the desired development of tourism without ecological investments and that, without qualificational investments, technically advanced branches of industry will not come into being. This is also the case of a more general, macrosocial argumentation, stressing the necessity for developing human potential, for solving requalification programs, for increasing overall adaptability. Without these strategically important investments, the existing economic reductionism will cause more harm than good to the economic reform.

The realization of the above programs should be placed in the hands of private firms in the form of a public competition. The nascent private sector would thus gain new relatively long-term marketing opportunities, be they in the construction industry, in ecological technologies, in instrumentation equipment, or elsewhere. Such a stimulus could, at the very least, be as important as tax relief or loan preferences. By expending these investments over time, investments which would be covered by the above-mentioned gradual and long-term payments, the Fund of National Wealth would fulfill its mission and could become defunct with a feeling of a job well-done.

Attempt at Compromise

The above remarks were primarily a polemic against coupon privatization. However, this does not mean that the possibilities for its efficient utilization do not exist. Primarily, an investment coupon in the form of a generalized security, a share of the Fund of National Wealth, is a possible security for covering restitution claims which, in contrast to state obligations, do not increase internal indebtedness. Moreover, a strong interestee

group, standing in back of this utilization, would virtually exclude the existing perception of investment coupons as types of lottery tickets whose actual value we do not know.

Investment coupons are also usable as bonuses for savers, augmenting interest which lags behind the pace of inflation; this possibility is already in preparation. Based on the same principle, I recommend that investment coupons be used as a bonus or as a benefaction for domestic investors. Their value would be dependent upon the volume of the funds which these investors pledged to pay off and would, thus, contribute to the desirable social differentiation. This use of coupons would not be egalitarian, as is the current perception. It would even strengthen the willingness to invest on the basis of the expectation of the subsequent bonuses. At the same time, however, it would define the coupon method as the final phase in the privatization process, distributing only that which it was not possible to distribute as a result of venal forms. Development of a middle class would thus be accelerated and fears that the "standard" privatization would be protracted indefinitely would evaporate. The hitherto absent domestic capital would begin to form as a partner and, in the future, even a competitor of foreign capital—capital which, while we urgently need it, we cannot use unilaterally to build our economic future.

Program To Support Desirable Enterprises Published

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in Czech 26 Mar 91 p 8

[Unattributed article: "Program of Support for Industrial Production in the Czech Republic—Information From the Ministry for Economic Policy and Development of the Czech Republic"]

[Text] An important component of the structural policy of the government of the Czech Republic will be a modern industrial policy which makes use of indirect economic instruments to support the efficient development of the economic sector. For purposes of promoting the goals of industrial policy, the center announces individual programs which stipulate the criteria, fulfillment of which is tied to the system of economic advantages for participating entrepreneurial entities.

The industrial policy programs are not a form of direct investment activities on the part of the state, nor an instrument for financing those enterprises which are publicly beneficial. They serve to support those projects which are basically economically independent and the advantages stemming from these programs are essentially supportive or accelerative in character.

The first program of industrial policy of the Government of the Czech Republic is the Program for the Support of Development of Industrial Production in the Czech Republic, which is aimed at supporting the solutions involving the most basic bottlenecks in the current

structure of Czech industry. This program is aimed, with priority, upon supporting the establishment and development of small and medium-size enterprises engaged in industrial types of production.

Program Characteristics

The goal of the program is to create advantageous conditions for the accelerated introduction of promising production processes and the development of progressive technologies in enterprises of an industrial character. To achieve this goal, the program provides specific forms of state support, the utilization of which is tied to the fulfillment of stipulated conditions.

The program is realized through a series of projects proposed by entrepreneurial entities. These projects are arranged within the program on the basis of selection proceedings, that is to say, the entitlement to state support does not come about automatically as a result of fulfillment of the principal criteria, but depends also on the quantity and level of other projects and volume of available resources within the program.

The guarantor and coordinator of the program is the Ministry for Economic Policy and Development of the Czech Republic which, in collaboration with the other central organs and expert work sites, evaluates and selects requests for entrance into the program, concludes agreements regarding specific forms and scope of support for the accepted projects, and monitors their realization.

Conditions for Access

For whom is the program intended? An application for acceptance of a project into the program may be submitted by any entrepreneurial entity engaged in activities on the territory of the Czech Republic. On a priority basis, the program is intended to support small and medium-size enterprises and newly developing private entrepreneurial activities. As a basic principle, advantages will not be made available to applicants for whom possible state economic support is not essential in view of their property and incomes.

Program criteria: The program supports rationalization, modernization, innovation, investment, and possible other projects which assure the following:

- Lowering of energy and materials requirements.
- Better utilization of domestic raw material resources, including secondary raw materials.
- Increasing export efficiency and the competitiveness of production.

The supportive character for the selection of projects to enter the program is evident in additional criteria, particularly the following:

- Creation of new job opportunities.
- Contributions to the environment.

Project financing: State support is intended primarily to establish advantageous conditions, to accelerate the realization of projects. The predominant financial participation by the applicant for project financing is the condition for accepting the project in view of the supportive and accelerative character of the program.

Other conditions: The actual profitability of the project and a guarantee that its realization will not impact adversely on the environment.

Advantages Stemming From Participation

Repayable financial loan: The program assures entrepreneurial entities an interest-free loan for the realization of selected projects, repayable in a maximum of three years.

Nonrepayable financial contribution: For realizing selected projects of extraordinary significance, the program assures entrepreneurial entities, on an exceptional basis, of a financial contribution of up to 20 percent of the costs involved.

Contribution to cover expenses for bank loans: The program assures entrepreneurial entities of the following for the realization of selected projects:

- A financial contribution of up to the full value of the interest for a loan granted for realizing a project.
- Deferred interest payments for loans to realize a project in the form of a repayable financial assistance loan for a period of one to three years.

Tax relief: The program assures entrepreneurial entities of tax relief for the initial period of realization involving selected projects.

State guarantees for bank loans: For purposes of realizing selected projects, the program assures entrepreneurial entities of loan guarantees up to 70 percent of the amount involved. The guarantees shall be made available to those entrepreneurial entities which do not have their own guarantees for highly efficient projects.

(Note: In 1991, economic instruments listed in the first two points—loan, contribution—are available for financing selected projects.)

Time Limitations

The program is intended to support projects, the realization of which will be initiated beginning in 1991. The possible termination of the validity of the program, or the announcement of new or followup programs will be announced in good time.

Relation to Other Programs

Participation in this program does not exclude participation in other programs which have already been announced or which are being prepared for announcement.

Organizational Support

Method for applying to enter the program: Parties interested in participating in the program shall submit an application processed in accordance with the attached sample [not included], in which they shall list the basic specifications of the proposed project, addressed to the program at the Ministry for Economic Policy and Development of the Czech Republic, Department of Industrial and Structural Policy, SNB Avenue No. 65, 101 60 Prague 10-Vrsovice.

Selection of proposed projects: The proposed projects will be judged from the standpoint of the principal criteria of the program, the importance of the project, and the realistic nature of the entrepreneurial intent. Within one month of submitting the application, the applicant will be informed regarding the position adopted by the Ministry for Economic Policy and Development of the Czech Republic with respect to his application. In the event the project is considered for a narrower selection proceeding, the applicant will be invited to submit more detailed specifications for the project. The applicant will be notified, in writing, of the results of the selection proceedings. During the course of the selection proceedings, the selector reserves the right to acquire supplemental information regarding the project, either directly or through an authorized expert work site.

Agreement covering participation in the program: In the event the project is accepted into the program, the Ministry for Economic Policy and Development of the Czech Republic shall conclude an agreement with the applicant regarding participation in the program. The agreement will contain information regarding the specific forms and scope of state support in relationship to the benefits stemming from realization of the project, and will list the obligations of the program participant.

Consultation possibilities: More detailed information regarding the possibilities of access to the program and the formulation of project proposals is available from the Ministry for Economic Policy and Development of the Czech Republic at the above address, telephone numbers 712 24 13, 712 24 34, 712 24 47, fax 712 22 53.

Oil Pipeline Between CSFR, FRG

*U1705225591 Prague HOSPODARSKÉ NOVINY
in Czech 14 May 91 p.16*

[Excerpt] Czechoslovakia will be linked to a complex of refineries in Ingolstadt in the FRG by an oil pipeline 340 km long. The Chemopetrol Pipeline Limited Company, whose only participant is Czechoslovakia, will construct a pipeline for this purpose. A document pertaining to its construction was signed in Munich [passage omitted].

HUNGARY

Justice Ministry on Ownership, Privatization

91CH0611B Budapest FIGYELO in Hungarian No 17,
25 Apr 91 p 17

[Article by Dr. Gabor Gado: "Privatization Law Being Prepared"—first paragraph is FIGYELO introduction]

[Text] From among the various concepts and plans related to ownership and privatization strategy, FIGYELO recently published the recommendations of chief cabinet counsellor Bertalan Diezhazi and of the Ministry of Industry and Commerce (Nos. 13 and 16, 1991). The following article describes the Justice Ministry's concept on this subject

In developing our concept we followed the logic of using the most comprehensive issues as our starting point to resolve problems that arise in daily privatization work. Based on this, the following must be clarified:

- What should be regarded in the future as state property, and depending on the answer, what should be viewed as state entrepreneurial assets?
- Within the state's entrepreneurial assets, which assets are tied to activities in relation to which the state intends to maintain its authority to determine the method of, and conditions for performing functions (or delivering services), and to designate the person who actually performs these activities? The answer to this question also provides guidance with respect to the choice of activities for which market entry has been liberalized and in regard to which the related state property may be privatized.
- After responding to the first two basic questions we may proceed to examine who should implement privatization in what way, and what principles and goals should be considered

Preconditions

Presently, legislative drafts proposing to establish new private and institutional ownership and to thereby serve the purposes of privatization are in various phases of preparation. In our view, a privatization law should be written after the enactment of these legislative proposals into law, or simultaneously with their enactment, in which case the privatization law would have to be carefully streamlined with laws that address the ownership issue

The privatization law must contain clear definitions with respect to the part of state property to be transferred into the ownership of autonomous local governmental bodies [hereinafter: local government]. Similarly, one cannot disregard the still pending ownership issues related to producer cooperatives, real property formerly owned by the churches and real property managed by social organizations earlier. The Law on Compensation and the law which establishes conditions for the partial

employee ownership program will influence the provisions of the privatization law.

The transfer and redistribution of part of the state property based on these future laws affects market based privatization in two respects. On the one hand, this effect is exerted by the fact that in its capacity of exercising state administrative and public powers, the state transfers the ownership of certain pieces of property to organizations which are not state organs (e.g., local governments and churches receive specific pieces of property). Consequently, the volume of state assets that may be sold on the basis of entrepreneurial considerations will be reduced.

On the other hand, legal provisions now in force, and some of the pending legislative drafts intend to integrate in part the mechanism of property transfer based on sociopolitical considerations with the system in which the market based sale of property takes place. This situation occurs, for example, in instances when local governments acquire corporate shares in downtown real estate used by enterprises to be transformed into corporations. The grant and acquisition of such corporate shares would amount to implementing the Law on Transformation

The provisions of the partial employee ownership program include requirements by which the State Property Agency must satisfy employee demand for the purchase of stock under certain conditions. In this regard, the AVU [State Property Agency] exercises no discretion, it must act pursuant to the provisions of the future law. Certain institutions (e.g., social security) would also acquire parts of the state's entrepreneurial property based on mandatory legal provisions.

In our view, linking the two aspects of this dual privatization process, the transfer of property, which has the effect of privatization but does not take place in response to market forces on the one hand, and sales based expressly in response to market forces on the other, would be dangerous because the legally established entitlements under which parts of the state property could be claimed would determine the foundations of selling state property based on business considerations.

Dual Process

These legally established entitlements in part define in advance the persons who may acquire a part of the state's entrepreneurial property. As a result, these entitlements exert a negative effect on investors who in given cases may not wish to establish joint enterprises with persons or institutions who or which became partial owners based on these legal provisions, even though these investors would purchase state property at its true market value

Further, under such conditions there would be no assurance that profit motivated private firms engaged in

implementing privatization would emerge. Based on their profit motivation such firms would require freedom to make decisions.

In our view, the aim of the above mentioned legislative proposals should be to provide assets needed primarily for the operation of local governments, institutions, etc. without overly restricting privatization endeavors of a market character, and without inhibiting the selling opportunities of entrepreneurs charged with the implementation of privatization. (For example, with respect to local governments it would appear as more appropriate to either provide a part of privatization revenues to local administrative bodies, or to transfer pieces of property directly to these bodies.

Whenever public property is transferred as part of market based privatization, a method must be found by which these legal provisions can be applied in a flexible manner with respect to specific transactions, in due regard to the existence of exceptional cases. This view is reflected for example in that provision of the Law on Compensation which authorizes the AVU to temporarily suspend the redemption of indemnification vouchers, and in the provision which rules out the use of indemnification vouchers if a single investor desires to purchase a state enterprise.

What Remains

We must recognize at the outset that the state's functions differ in regard to property whose possible privatization has been ruled out, as compared to property which may be privatized sooner or later.

In the first case, the state continues to be responsible for enforcing the professional standards of activities performed in the course of utilizing such property, it must exercise substantive control and will want to influence the operations of the enterprise which provides these activities. The state will want to continuously preserve the right to select the person who in fact performs these activities.

Property falling under this category may be operated in two ways: The state may assign the right to perform the activity in the framework of a concession agreement, or the state may itself establish an enterprise for the performance of the tasks. (Development of the organizational conditions for the latter has begun at the IKM [Ministry of Industry and Commerce].)

In our view, the state should categorically define these spheres of activity as soon as possible. As a result the spheres of activity which did not qualify as exclusive state activities would become clear. Thus, no restriction would exist in these fields of activity with respect to entering the market. Consequently, the state property in this category could be privatized.

Jurisdictional Limitation

This distinction would also draw the consequence that state property not subject to privatization would not be under AVU's authority in the future. This is so because AVU's legal authority pertains primarily to the coordination of privatization functions, and not to the operation, continuous control and direction of state entrepreneurial property.

It follows from the above that the state must not enforce political or other considerations alien to the market with respect to state property subject to privatization. This applies to the preparation for privatization and to the period in which an enterprise is rendered marketable, just as it applies to the period when an enterprise is sold. This is because as long as the state has decided that there was no need to qualify an enterprise as a "national enterprise," that decision also ruled out the possibility of subsequently assigning priority status to the related principles and values. An example of such subsequent priorities would be the establishment of maximum limits of parts of ownership that could be acquired by foreigners in a given privatization transaction.

Two principles must be enforced with respect to state property subject to privatization: First, it should be possible to accomplish privatization as fast as possible, and second, the sale of state property should yield the highest possible revenues for the state. Even these two considerations are known to frequently conflict with each other and to serve as causes of disputes as to which consideration should enjoy priority.

In our view, this problem cannot be resolved by taking a position in favor of a more rapid but below value sale or a slower but an at value sale. The solution rests solely in ensuring that the pace of privatization is consistent with market processes, i.e., with the actual evolution of supply and demand.

Avoiding the artificial scheduling of privatization and establishing privatization opportunities commensurate with market conditions necessitates that privatization not be implemented by a state administrative organ but by profit motivated entrepreneurial ventures. All of this suggests a need to review the privatization functions and jurisdiction of the AVU.

In our view, the practice pursued under present law by which the AVU examines each privatization transaction from a professional standpoint and takes a position with respect to each transaction cannot be sustained. In part, the AVU as an office is not suited to perform this functions, and in part this circumstance slows down privatization.

Shifting the Emphasis

The sole possible AVU function is the conveyance of fundamental goals and viewpoints established by the state (the National Assembly) in the form of property policy guidelines related to privatization to those who

actually implement privatization. In the future, the AVU's jurisdiction should be limited to select and designate firms which administer privatization transactions.

The AVU must convey the National Assembly's requirements in the form of expectations in contracts entered into with these firms. These requirements must focus on results, and goals (return and or sales revenues) must be established with respect to entrepreneurs who implement privatization. At the same time, the method by which privatization is accomplished and the choice of legal or economic means to be used should be left to the entrepreneurs. Only the entrepreneur can decide the steps that need to be taken in specific situations.

Unless this approach is taken, countless detailed rules for the method of privatization would have to be provided in the course of designating entrepreneurs and consummating contracts. As a result of such rules we would be confronted with the same situation we are facing today, except for one substantive difference: The AVU would not be defining these requirements to the enterprise which intends to transform itself, but to the property manager.

On the other hand, the AVU would retain authority to enable the AVU to withdraw ownership rights from enterprises and to transfer such rights (the authority to place an enterprise under state administrative supervision or the authority to convert an enterprise into a corporation owned solely by the state).

Our concepts are not without precedent. Legal provisions now in force enable the AVU to enter into property management agreements, and to utilize expert firms in the course of privatization. The change would shift the emphasis, it would change the priority ranking of the "rule" versus the "exception."

At present, Law No. 7 of 1990 provides an opportunity to transfer property to property managers in exceptional cases only, whenever conditions of sale are unfavorable. In this relationship it would be appropriate to note that it is inappropriate to make such a rigid distinction between management and sale, particularly in the framework of the present suggestion which would deprive the AVU of its future authority to directly influence business transactions.

Privatization begins with transferring state property under property management. The property manager/entrepreneur would be granted a right to improve the state property subject to privatization so that it becomes marketable and saleable. Quite naturally, the entrepreneur would also assume financial risk by agreeing to exercise this right. Based on this transfer, the subsequent sale of the property managed flows organically from the property manager's function, as the concluding phase of the privatization process. Deviating from legal provisions now in force, the property manager must be authorized in every instance to sell the state property. The property manager must be given the opportunity to

determine the optimum time when the state property managed by him should be sold. Such determination would be based on actual market conditions.

POLAND

Summary of Analysis on Major Economic Changes

91EP0453A Warsaw *RZECZPOSPOLITA (ECONOMY AND LAW supplement)* in Polish 24 Apr 91 p 11

[Article by A.K.: "Slow and Shallow Changes"]

[Text] The enterprises which early last year stated that they would make the changes necessary to adapt them to the new economic situation, are now beginning to take such action. The government's economic policy has turned out to be sufficiently stable to make senseless the belief that a wait-and-see attitude may work. Still under the pressure of barriers to effective demand and hard money policies, the enterprises are undertaking various actions to make production, organization, and partnership contacts, more efficient.

Those are the results of studies conducted in the Institute of Economics at Lodz University, under the direction of Prof. Wieslaw Caban. He draws from them the general conclusion that these changes in the behavior of workplaces can be regarded as the beginning of a rather long road of adaptation to the conditions of a market economy.

Studies have shown that the market and the hard financial terms have inclined many enterprises to undertake efficiency improvement measures. The sharp drop in the physical dimensions of production, as recorded in the first quarter of last year, slowed down in the later months. This production has a tendency to become stable at a low level. Further reduction occurs mostly in enterprises where the share of production costs in the amount of sales is higher than average.

The product range is also changing. Large plants are reducing the assortment of products manufactured, while smaller plants are enlarging it. Some enterprises are beginning to manufacture products outside of the characteristic range of their branch. All of this means that towards the end of the year, an assessment of the enterprises' prospects was more optimistic than at the beginning of the year. This pertained particularly to plants which enjoyed a monopoly position and to plants in the producer-goods industry.

In all of the plants studied, measures are being taken to modernize their organization. The belief that these structures are obsolete and require change was much more universal in the second stage of the studies than in the first, which covered the beginning of last year. Despite this, only slightly under 20 percent of the enterprises perceive a negative effect of this state of affairs on their functioning. The changes being made consist primarily

of modernizing the organization of sales and management. In the smaller enterprises, new computer methods are also being instituted, supply methods are being changed, and the organization of production is being reformed.

Enterprises are simplifying their structures by leasing or selling parts of their production assets and social equipment. Machines and equipment and means of transport are being sold; factory space, on the other hand, is more often leased out, which would indicate that there is an intent to use it at a later date.

The number of companies is growing and the striving to enter into lasting connections with foreign partners is seen more frequently.

Analysis also showed that despite the fact that a restrictive money and fiscal policy has reduced investment demand, almost 70 percent of the enterprises studied were executing investments, and one-fifth of them even began new ones.

The second stage of the studies, as the author of the analysis writes, has not yet provided sufficient proof that the wait-and-see attitude and the lack of inclination to shift from short-period to long-period orientation, ascertained in the first stage, was overcome. The demand barrier has not yet produced general pro-innovation attitudes. Production of new and modernized products occurred in only 36 percent of the enterprises, new technological processes were applied in only nine percent. Foreign licenses—in none.

At the beginning of the year it was determined that in the opinion of the enterprises, such external factors as the tax policy and expensive credit were very significant in the reduction of production and sales, and in the obtaining of a decent profit. In the second stage of the studies, these factors continue to head the list, but in second place are factors of an organizational nature and the question of low wage incentives. This change indicates that enterprises are beginning to understand the dissimilarity of the present situation and are more critically evaluating their own internal capabilities, seeing in them a chance to improve their prospects.

The studies also reveal the weak sides of enterprise functioning. These include the lack of progress in more efficient utilization of labor resources, the domination of egalitarian-income criteria in wage policy (to which the lack of incentive is also linked), and relatively low investment and innovational activity.

The listed transformations being made, which are supposed to bring the enterprises closer to a market economy, were assessed as being small and shallow. What it comes down to is the removal and replacement, from the production sphere, of the remnants of the centrally planned economy. The results of the study

attest to the following: a reduction in stocks, an acceleration of the rotation of turnover means, improvement of cost and sales ratios, and the selling or leasing of production equipment.

The adaptation of enterprises to market conditions requires much deeper changes, and above all, the formation of forces which are interested in expansion, the purpose of which is to increase profits. It seems that the main inhibitor of changes in state enterprises is precisely the lack of such forces, and the unstable system of government—writes the author of the report.

The slower decline in employment than in production, and the domination of egalitarian-income criteria in wage policy, is a sign of the lack of interest in profits. Both the enterprise workforces and their managements are more interested in current income than in future income, which would come from expansion. There is no mechanism which would develop employee interest in income over the long term.

A solution to these problems and the creation of market expansion in enterprises is not possible without ownership transformations.

Impact of Interest Rate on 1990 Economy

91EP0446C Warsaw RZECZPOSPOLITA
ECONOMY AND LAW (supplement) in Polish 9 Apr 91
p 11

[Article by Malgorzata Szyszlo: "Interest Rates Versus Inflation: It Is Better To Be a Borrower Than a Depositor"]

[Text] The Supreme Chamber of Control has recently completed a study of the effect of a positive [real] bank loan interest rate on economic processes last year. The study was conducted at 64 economic entities including the main offices of the National Bank of Poland and the PKO [Polish Savings Bank] as well as at three operating branch offices of credit banks, six offices of the Food Industry Bank, seven cooperative banks, and 31 industrial, commercial, and construction enterprises.

Pursuant to the Sejm Resolution dated 23 February 1990 on Assumptions of the Monetary Policy, it was decided last year that the banks would apply a positive real interest rate on loans and term certificates of deposit, that is, an interest rate higher than the anticipated inflation rate for a particular period of time. It was also resolved, in connection with the anticipated marked fluctuations in the inflation rate during the year, that interest would be applied at monthly or quarterly intervals.

The ratio of the inflation rate to the loan interest rates in discrete months of 1990 is presented in the table below, compiled by the Supreme Chamber of Control.

Month	Previous Month's Inflation Rate = 100	Interest Charged on NBP credit, in percent	Interest Charged by Credit Banks, in percent
January	79.6	36.0	38.0-42.0
February	23.8	20.0	20.0-23.0
March	4.3	10.0	9.0-12.0
April	7.5	8.0	7.5-9.5
May	4.6	5.5	5.5-7.0
June	3.4	4.0	4.0-5.0
July	3.6	2.8	2.8-3.0
August	1.8	2.8	2.8-3.0
September	4.6	2.8	2.8-3.2
October (until the 14th)	5.7	2.8	2.8-3.6
October (as of the 15th)	5.7	3.6	3.5-3.8
November (until the 20th)	4.9	3.6	3.5-3.8
November (as of the 21st)	4.9	4.6	3.5-4.9
December	5.9	4.6	4.5-5.4

Of decisive importance to determining the interest rate applied to loans granted to economic entities by the banks was the interest rate charged on the refinancing credit granted to these banks by the National Bank of Poland. According to the Supreme Chamber of Control, during the period from 1 January until 10 October 1990, of the 14 credit banks, 11 applied an interest rate higher than the interest rate charged on refinancing credit and three applied the same interest rate as that charged on refinancing credit. During the first quarter of the year alone, one bank applied for three months, and two banks applied for two months, interest rates lower than those charged on refinancing credit. The banks were slow to react to the decision of the National Bank of Poland (NBP) to raise the interest rate charged on refinancing credit. Five credit banks applied the same interest rate as the NBP and eight a higher one.

It ensues from the above table that a positive real interest rate on bank loans, as reflected by a comparison between the maximum interest rate on one-year bank loans and the monthly indicators of price inflation, was present from March until June and subsequently in August. In the other months the loan interest rates were lower than the actual inflation rate.

"Whenever the interest rate on bank loans falls below the inflation rate, this should not be viewed as a gain to the borrower and a loss to the bank," stresses the Supreme Chamber of Control in its subsequent assessment study. The inflation-caused decrease in the actual loan indebtedness of enterprises to the banks (the depreciation of that indebtedness) is not reflected in the accounting of the borrower enterprises. That is because the repayment of loan principal does not affect the operating costs and

performance of the enterprises; it is a capital operation deriving chiefly from the enterprise funds represented by the profits for distribution and the sinking fund.

On the other hand, the interest paid on bank loans is an element of the operating costs of the enterprise, which should be offset by income from sales. For this reason, the inflation-caused depreciation of the loan principal is not taken into consideration when determining prices, which are raised not only to offset operating cost but also to offset higher interest rates. When a positive real interest rate is charged by the banks, the cost of interest increases at a much higher rate than do other elements of operating cost. This augments its share in operating cost and exerts an upward pressure on prices.

The Supreme Chamber of Control states that the application of a positive real interest rate has been stimulating inflation, especially in the first months of this year, thus causing an additional increase in costs and prices. At 27 enterprises audited, the share of bank interest in operating cost climbed to 8.7 percent at the end of 1990 from 5.8 percent at the end of 1989, and for the first quarter of this year it reached 13.2 percent. The share of bank interest in net sales rose to 7.2 from 4.5 percent.

For example, at the Technazbyt Trade and Services Enterprise in Warsaw the share of bank interest in gross sales cost climbed to 62.0 percent at the end of 1990 from 37.9 percent at the end of 1989, and in net sales to 35.5 percent from 31.6 percent, respectively. At the audited housing construction enterprises the effect of the increase in bank loan interest rates on the increase in prices was smaller than at industrial and commercial enterprises. On the other hand, at housing cooperatives the capitalization of the increased loan interest rates largely offset the adverse consequences of the application of positive interest rates.

Ursus Signs Tractor Contract, Plans Expansion

91EP0449A Warsaw POLITYKA in Polish No 17, 27 Apr 91 p 5

[Article by Krystyna Sonntag: "To Have in Order To Give: Is Ursus Worth Buying?"]

[Text] The sensation last week was the news that Ursus had sold its tractors. This information was announced at a press conference on 16 April at the Ministry of Industry. The Association of the Tractor Industry signed a contract with the Art B Company to buy just about all of last year's tractor production. Emotions were increased by the fact that the contract partner produced Polish capital in a form not completely known, at least in the world of Warsaw, an incorporated company that was to come into being by immediately spending 160 billion zlotys (confirmed by check) for 2,500 tractors hitherto stored at the factory with no hope of ever being sold.

Given the commitment of such a great sum by the private entrepreneurs, involvement in the trade would seem appear to be unsaleable. Since the State Budget is

resorting to blocking expenditures, the move is bound to bring about a wave of speculation and commentary, especially since the negotiations were held in secret. It was no secret though that Ursus, which is standing on the brink of bankruptcy, is trembling from the conflicts within. The earliest leaks suggested that somebody in the Netherlands would be coming to the rescue. There was doubt as to how accurate this news was, however, because at the beginning of the year three contract partners in Japan, Germany, and Austria had withdrawn from talks with Ursus. Then it turned out that the sugar daddy was coming not from a foreign country but from Cieszyn, a town on the border. On top of that, the firm is directed by people that are far from business. Chairman Boguslaw Bagsik, age 27, is a jazz musician and his associate is a physician, an ear, nose, and throat specialist. Nor is it surprising that an official of the State Treasury showed up the day after the contract was announced at company headquarters in Cieszyn.

Vice President Andrzej Gasiorowski speaks calmly about this, because he knows that when somebody in the house is expecting guests, the house must be made clean and tidy. Nonetheless, one wonders whether it is worthwhile to enter into a situation with such social reverberations, inasmuch as this has brought about a wave of varied commentary on a company that has not stirred any interest in the past, although it has six outlets in Katowice, Lodz, Wroclaw, Warsaw, Krakow, Poznan, Walbrzych, and Cieszyn. It deals in foodstuffs, farm machinery, electronics, and anything else it can. It has its own Gold Star electronic equipment assembly facilities, handles border crossings in Pawlowice, and issues its own weekly publication HIT NA GRANICY [Hit at the border]. Daniel Wasilewski, head of the Art B foreign department, adds that the old principal of Polish hell is in operation: Fellow countrymen themselves pull each other to the bottom of the kettle.

The most surprising thing, though, is the fact that Solidarity activists at Ursus accepted the news about the powerful financial shot in the arm with more than a little skepticism. It is true that I was unable to talk to Solidarity [Plant] Chairman Janusz Sciskalski, despite the fact that I phoned him twice. Both times the chairman was there but unavailable. On the other hand, I did have the opportunity to learn the opinions of his coworkers. Now, at the plant commission the matter seems at least secret, if not suspect. The people I talked to, who chose to remain anonymous, thought that only fairy tales have good uncles coming to save them from oppression. For this reason, "S." would like to know just what this transaction is really hiding, what sort of company it is, where it is getting the money, and what will happen once the contract is signed.

The question about the future is of course well founded, but taking a magnifying glass to look into the partner's pocket seems neither wise nor far-sighted. After all, everyone knows that for any sort of company a period of three years is a time of great harvests. The state's short-sighted industrial and agricultural policy, along

with its past tariff and tax policy, are creating a good climate for the rich. Many great fortunes have grown in this soil. The fact that there were people who knew how to use these favorable conditions is no reason for any resentment to be directed against them, especially if they invest their capital and marketing skill in saving state enterprises heading towards bankruptcy. The bankruptcy of Ursus would be a catastrophe for Polish agriculture, and for its workers too. After all, farmers do not have the alternative of buying Western tractors, because they cost from two to three times as much as ours. Tractors imported from the USSR and Czechoslovakia are no competition either, because the technical standards of these tractors are lower than those of Polish tractors. It is therefore necessary to maintain domestic production. Subsidies can no longer be counted on, but one can count on diminished rural buying power in the immediate future. The only way out is to look for ways that have not yet been tried. State intervention must help here, but we must also search at home and abroad for companies willing to commit their money and offer a new approach to the market.

For Ursus, the Art B contract came at just about the last moment, and it is undoubtedly a far better way out than creating a "repair" committee, as the plant Solidarity had wanted, because all the difficulties created by the enterprise's present condition are further compounded by other conflicts outside, which do not make it any easier to get out of the crisis. Henryk Szczygiel, the [plant's] general director, who has been at the helm since March of last year, has strong emotional ties to the factory and knows it well, despite a 20-year hiatus in working on tractor production, and says that this industry has been particularly unfortunate throughout its entire history. Owing to this fact, people outside the enterprise made all the decisions, even minor ones. The result is overinvestment in some departments and a feeble approach to investment in others, but overall the tremendous funding that was transferred in the past from the State Budget to the development of Ursus was only on paper, inasmuch as it actually went to prop up the automotive industry. In previous years, there was only one factory that did not have problems with selling its products. Tractors were sold according to distribution guidelines established by a party committee or under the table. What happened last year was bound to come as a shock and create a dramatic situation at the plant.

Since January 1990, Ursus has received no subsidies, but, during the first quarter, 10,000 tractors were still produced, as though nothing had happened in the economy and government orders were still in effect. During this time, too, Ursus raised prices several times, and it never occurred to anyone that demand could slacken. It should be added that the Antimonopoly Office found no irregularities when it made its calculations to find justification for the price increases, but the market reacted. The beginning of the next quarter witnessed a fall in sales. There was no way to pay off debts or finance supplies, but foreign suppliers continued to

send parts for production, and the parts just piled up in the warehouses. Then the State Budget came to the factory's rescue, but people were already aware that this was ad hoc assistance that would not be repeated. On the recommendation of the workers' council, experts from the plant's Solidarity drew up a report showing that Poland did not need more than 15,000 tractors per year. As a result a change in the production profile was proposed. Given the new scope of things, there was talk about producing motor vehicles. Director Szczygiel faced these ideas. He learned that Polish agriculture needs 50,000 tractors per year, 40,000 produced domestically and 10,000 imported ones. Once sales began again at the end of last year's harvest, and people were even standing in lines to buy a tractor, it seemed as though the troubles were all over. Then the factory gave up using Agroma as an intermediary and developed its own network of dealers in local plants. By the end of 1990, they had sold 35,500 tractors, 29,000 of them in Poland.

The market collapsed again this year. In January and February, 4,500 were sold, but by March, only 483. Neither having its own dealers nor installment sales helped, because the high interest rate meant that a farmer who bought a tractor on the installment plan paid 7 million zlotys extra. In February, unrest began in the enterprise. Solidarity questioned the directors' policy and simultaneously demanded a 30 percent increase in wages. The director countered with a proposal for a 16 percent increase, in addition to indexing, but only if there was improvement in the financial indicators. The situation was so strange that the negotiations instigated by Solidarity were conducted without Solidarity's participation, because, according to the director, the Solidarity activists refused to take part in the talks. As a result, the minutes were signed by two unions: OPZZ [All-Polish Trade Union Agreement] and Solidarity '80. Director Szczygiel thinks that the announcement of a rotating strike was an offshoot of the mistake the Solidarity leadership had made. On 23 February things even reached the point where the director was not allowed into the office building. In response, the directors blocked the radio broadcasts. Solidarity, using skill gained in the underground, "cut in" with its own communications. The administration hurriedly enlisted the aid of a specialist who also had underground experience in how to eliminate the overbroadcast, and ended the piracy. The war lasted until March. High officials from several ministries helped bring about an agreement. The director presented a new wage and employment policy, but it was conditional on working to make up for the lost time. This demand turned out to be pointless, because, by 18 March, the work force had to be furloughed until 8 April for lack of work. It was possible to announce within eight days that thanks to the Art B Company, Ursus had come out of the black hole.

The Warsaw office of the company is located in an elegant brick building opposite the colonnade of the Ministry of Agriculture building, which is now occupied by a number of private companies. At the bottom is the

doorman's hall. On the fifth floor are the reception area and offices of Art B, decorated in black and white. There are decorative plants and artistic bouquets of cut flowers everywhere. There is a lot of money being spent with discretion. Vice President Andrzej Gasiorowski, age 31, looks younger than the records show, and he has an engaging manner. He says that the contract provides for the company to buy 3,000 tractors per month to the end of the year, at a price 15 percent below the sales price. This difference will cover transportation costs and profit for the dealers and the factory people (about 100 of the best ones were selected). Art B will sell the tractors on an installment plan. The interest paid will be one percent, or six point less than Ursus had been able to offer. The down payment on the tractors will be easier, that is, lower. It will be 50 percent of the price. The rest will be spread out over six months. For the most expensive tractors the payments can be spread over nine months, and the down payment has been set at 40 percent of the tractor's value. The factory will be able to sell on its own whatever is not under contract. Art B will also be able to seek buyers abroad within the framework of the company of which Ursus is a part. Art B's share is 70 percent, but in time it will be only 51 percent.

It would be naive to ask whether this transaction is profitable for Art B. After all, nobody is expecting philanthropy here. It is more interesting to ask the basis of the export calculations. The vice president assured me that Polish tractors are products on a level with those of a good European class, as foreign expert testimony compiled at the company's request testified. And they can be put on the market in Latin America, the Far East, and Africa and provide employment for the local work force. Speaking as though it was a minor matter, the vice president says that all one needs do is set up tractor assembly plants in those countries. The first one, it turns out, will go up, and soon now, in Mexico, with considerable Mexican financing from government funds financed through preferential credit from the World Bank. In Poland, Art B will set up an electronic equipment assembly plant without such aid. The plant will employ about 500 handicapped persons. Some of them will be from the handicapped cooperatives that found themselves with no orders once cooperation with Diora ended. The plan also includes opening a refrigerator assembly plant and assembly plants for other equipment using domestic materials, such as resistors, cables, and condensers, because the company follows the practical principle that for a consumer to be able to spend money, he first has to earn it. For this reason, the company will also invest in production, without giving up its commercial activity. It has bought a license for irrigation systems and plans to introduce French and American licenses for milk processing. The initial offer calls for 100 types of dairy products. Negotiations are under way with an American partner to buy a license for a high-compression diesel engine for farm equipment. If all goes well, it will be produced in the empty Ursus factory halls. All the marketing studies show that Ursus can make a profit. (The vice president is a physician, but he has

several years of marketing experience in Dutch firms and thinks that a "passageway" can be opened up for any product.) The costs should go down when the production capacity, now only half utilized, is operating at full steam.

The slogan of Art B, which has about 15,000 employees, is: "To have in order to give." Andrzej Gasiotowski emphasizes. One has to admit that this sounds astounding, if not a little suspect, because this is not the language of business. At least not Polish business, and not at this stage. But even less expected is the vice president's admission that he is returning to medical practice. For the time being, he is making money in order to be able in the future to devote himself to examining patients with throat ailments.

Aviation Industry's Development Potential Noted

91EP04361 Warsaw RZECZPOSPOLITA-ECONOMY AND LAW supplement in Polish 10 Apr 91 p 11

[Article by Antoni Kowalik: "The Aircraft Industry: More Trump Cards Than Weaknesses"]

[Text] The modernization and upgrading of the aircraft industry would cost about 1.8 billion zlotys according to the conditions and prices as of the third quarter of last year. There are opportunities for the development of domestic production of such transportation vehicles provided that the structure of manufactured products changes significantly, and modern products are commissioned. This has to do with improving our competitiveness in Western markets while simultaneously maintaining the dominant position in the manufacturing of aircraft among former socialist countries. After all, at present they buy most of the equipment manufactured in Poland which we export to a total of 60 countries of the world.

The Polish aircraft industry goes back more than 60 years. On a world scale, we are a significant producer of crop dusters and multipurpose aircraft, light helicopters, training and sports gliders, and engines. The manufacturing potential for aircraft equipment consists of five enterprises manufacturing final products, eight subcontracting plants within the industry, and about 30 outside of it. These units employ a total of about 75,000 workers, not counting the 4,000 employed by the research and development facilities of the industry.

However, not all the production potential is specialized in manufacturing aircraft. Enterprises included in this potential also manufacture products for other industries, mainly for the automotive industry, the tractor industry, and the industry manufacturing agricultural, construction, and road building machinery—diesel engines and fuel equipment. Aircraft-related products account for between 40 and 70 percent of the total sales by these enterprises.

This potential is one of the most significant prerequisites testifying to opportunities for domestic production of

aircraft. In the opinion of specialists, the existing pool of machinery, despite being depreciated to a considerable degree, still makes it possible to secure high quality standards for the products manufactured, including those for other industries. This is complemented by skilled scientific and technical personnel who have many years of experience, and preproduction and postproduction facilities which make possible a full cycle of activities associated with aircraft equipment—from research and development to distribution, maintenance, and servicing.

Also, this industry offers design solutions which make it possible to entirely upgrade the equipment produced, all the more easily because the current equipment largely approximates the average level of Western designs from the point of view of both reliability in operation and technical characteristics. In addition, we have an extensive marketing operation, the experience of cooperation with foreign partners which has been going on for a dozen or so years, and a good position in the world markets. Among other things, Poland is still virtually the only supplier of such equipment to the former socialist countries; also, it contributes significantly to meeting the demand for equipment and aviation services of African markets, as well as those in the Far East, Central and South American markets, and those of other developing countries.

However, these advantages do not give the entire picture of the aircraft industry. After all, it also has weak points. The latter definitely include the following: a worn-out pool of equipment, not-so-modern designs of engines and accessories which reduce the attractiveness of final products, and a group of obsolete products with little chance of sales even to our current clients in the countries of the former camp. Meanwhile, holding on to these markets, especially in the USSR, is becoming one of the main conditions on which the development of this industry will depend, at least in the immediate future.

The modernization and restructuring of the aircraft output are based on the assumption that all producers will change the structure of products before 1995. This is supposed to be accomplished by setting up and developing the production of modern equipment and taking out of production, in stages, products whose characteristics are not competitive compared to Western products. These plans also include propulsion engines.

Establishing and developing cooperation in production sharing with renowned Western companies is another extremely important issue. This has to do with mastering new manufacturing technologies which are necessary for designs that stand a chance in the world market. This is worth the effort due to, among other things, the high economic efficiency of exporting aircraft. We receive proceeds in the order of \$100 to \$400 per kilogram of these products whereas other branches, with the exception of electronics, generate between \$8 to \$15

Considerable numbers of Polish aircraft currently in service in the former socialist countries, and especially in the USSR, require current replacements, as well as deliveries of spare parts and repairs. This is also an important argument in favor of developing such products. In addition, many Western companies which are interested in the USSR market see an opportunity to penetrate through the Polish aircraft industry and with its participation in production

sharing. Under the circumstances, the Soviet market which provides a development opportunity for our aircraft industry may, at the same time, pose a considerable threat to it. An abrupt collapse of this market would put enterprises serving it in a very difficult situation.

The tables below indicate production capacities, evaluations of the equipment produced, estimated cost of restructuring, and possible new products.

Development Plans for 1991-95
Aircraft Equipment
(Outlays Based on the Conditions and Prices as of the 3rd Quarter 1990)

Line	Production	Estimated Total Russian Aviation Enterprises in Poland (1990)	Avenues of action: Most Significant New Products (or Prototypes) to 1995
1	Transportation Equipment Plant PZL Mielec	485	—firefighting plane PZL-M 24 Dromader Super —primary training training plane PZL-M 26 Iskierka —multi primary training training plane T-22 Iryda —multi primary training plane
2	Soyuz-Aviation Enterprise Warsaw (Kalisz)	—	—multi purpose plane PZL-135 Faming —primary training training plane PZL-133 Senior —multi purpose PZL-134
3	Transportation Equipment Enterprise PZL Skolnik	4	—multi purpose plane PZL-SW 4 —multi purpose PZL-SW 5
4	Engineering and Equipment Enterprise Ltd. (PZL) Bielok	40	—multi purpose plane PZL-SZ 100 —primary training training plane SZD-54 Puch
5	Transportation Equipment Enterprise PZL Kalisz	100	—multi purpose plane PZL-KR 100 gator —multi purpose plane PZL-KR 100 gator for the aircraft industry
6	Transportation Equipment Plant PZL Rzeszow	—	—multi purpose plane PZL-122 Iryda plane —turboshaft engine with a capacity of 400 kW
7	Transportation and Equipment Plant PZL Kalisz	—	—multi purpose plane AN-62 I R engine (increasing take-off rating to 1000 HP and 1000 km/h speed) —multi purpose plane IWR 100 R engine (increasing service life from 1000 to 1500 hours)
8	Engineering and Equipment Enterprise Ltd. (PZL) Wroclaw	—	—multi purpose plane and multi purpose products for aviation
9	Transportation Equipment Enterprise PZL Katowice	40	—multi purpose plane PZL-KR 100 gator and multi purpose products; e.g. transport aircraft, multi purpose
10	Transportation Equipment Plant PZL Warsaw II	—	—multi purpose plane

Production Capacity, Output, and Technical Standard Evaluation

Line	Production	Average 1980 Production	Output	Assessment	Technical standard
1	Transportation Equipment Plant PZL Mielec	1000	1000	Multi purpose Multi purpose Multi purpose Multi purpose	not competitive (production) obsolete world level competitive world level competitive
2	Soyuz-Aviation Enterprise Warsaw (Kalisz)	—	100	PZL-134 plane PZL-135 plane PZL-133 plane PZL-134 plane	not competitive approximates world level competitive competitive

Production Capacity, Output, and Technical Standard Evaluation (Continued)

Line	Producer	Yearly Production Capacity	Output		Assortment	Technical standard
			1989 (actual)	1990 (projected)		
3	Transportation Equipment Plant PZL-Swidnik (helicopters)	270	175	70	Mi-2 helicopter W-3 helicopter	obsolete (crop-duster version competitive) competitive
4	Experimental and Production Enterprise for Gliders PZL-Bielsko (gliders)	100	79	50	Jantar 3 St glider SZD 55 glider Junior glider Puchacz glider	competitive (potential exhausted) highly competitive competitive competitive
5	Transportation Equipment Enterprise PZL-Krosno (gliders)	30	8	-	KRO 3A glider	competitive
6	Transportation Equipment Enterprise PZL-Rzeszow (engines)	920	665	595	PZL 10S engine TWD 10B engine GTD 350 engine PZL 3 S SR engine SO3 engine	not competitive not competitive not competitive competitive (no equivalent) not competitive
7	Transportation Equipment Enterprise PZL-Kalisz (engines)	670	637	394	AI14RA engine ASz62IR engine TWD-10B engine	not competitive competitive (no equivalent) not competitive

Restructuring of State Railroads Viewed

91EP0446B Warsaw *RZECZPOSPOLITA (ECONOMY AND LIFE)* supplement in Polish 8 Apr 91 p 1

[Article by Krzysztof Szczesniak: "Railroad Reforms: The Snail Syndrome"]

[Text] There is no point in waiting any longer. A reform of the PKP [Polish State Railroads] is being mentioned both at the Main PKP Office and the district offices. The subject has been discussed for months by trade unionists and, in general, by everyone who works for the PKP. Even so, however, to this day no specific decision has been taken.

The reason is both serious and prosaic: in view of its territorial scope, intricate organizational structure, and special functions it exercises on behalf of the state, the Polish State Railroads enterprise is subject to a separate government law and is not governed by the provisions of the Law on State Enterprises. The relations between the government and the PKP are regulated by the 1960 Law on Railroads, while the requirements for the conveyance of passenger and freight traffic are set forth in the Law on Conveyance. It is readily seen that in such a situation any major change would have to involve violating the existing laws. No one will, of course, be suicidal enough to do that. The only surprising thing is that, at present, the matter is being posed so clearly.

Thus, a reform of the railroads requires major amendments to the above-mentioned laws, for two reasons. First, our objective is a market economy, whereas our

railroads are centralized, hierarchically organized, cumbersome, and moreover relatively inefficient. This concerns adapting their style of work to present day conditions, and that requires the abolition of the PKP's rail monopoly as well as changes intended to improve the quality of services, to streamline operations, to cut costs, to introduce new technologies, etc.

Secondly, the railroads were and are dependent on the government to finance their operations. The State Budget allocates certain funds to the railroads and, in return, requires of them the performance of certain social services. Furthermore, the PKP has limited freedom in fixing its rail tariffs. It is not allowed to pursue its own policy in this respect and guide itself by the law of supply and demand.

In this connection, ordering the financial relations between the State Budget and the PKP is becoming practically the most important matter. The railroaders are fed up with government subsidies and want to become financially autonomous. Thus, proposals are being offered to make it clear that the State Budget is obligated to fund the construction and maintenance of the rail network along with traffic-maintenance facilities. The State Budget would also be obligated to refund to the PKP any operating losses sustained owing the government's fixing of maximum tariffs or introduction of tariff discounts. But, at the same time, the PKP should make corresponding payments into the State Budget for the right to avail itself of rail trackage and facilities.

Such solutions, if adopted, would somewhat resemble the situation of the highway carriers, whose operations are not burdened by the cost of constructing and maintaining the road network. By the same token, equal

treatment of the various competing carriers would be introduced, whereas at present the railroads, e.g., believe that they are unable to compete with the other public carriers.

The PKP also intends to reduce to three from four the number of management levels. A related draft law provides for separating industrial plants and railroad construction enterprises from the structure of the PKP and converting them to fully autonomous companies. The PKP would then retain only the plants closely linked to the provision of rail services or indispensable to PKP operations. What is more, the possibility of isolating organized parts of the PKP into autonomous rail transportation enterprises, including suburban transit ones, is being envisaged. It is thus conceivable that in a couple of years different new companies will carry passengers from the suburbs to the Nation's capital and from Warsaw to, e.g., Katowice in long-distance traffic.

All this is clearly bound to entail changes in employment. To put it plainly, employment will have to be curtailed. The draft PKP law envisages in this respect that rail employees who will be discharged in connection with organizational restructuring (or generally in connection with employment cutbacks) would be eligible for early retirement, on condition that their work seniority—including equivalent periods and credited time—be at least 35 years for females and 40 years for males, of which at least 15 years of work for the PKP. These rules should also apply to the employees of the plants separated from the PKP structure.

Lastly, a few words about monopolies. In Poland the railroads have always been a state-run monopoly, but everything indicates that soon this monopoly will end. The proposed amendments to the law on railroads create the conditions for the initiation of rail operations by nonstate entities. Of course, their operations will be licensed. This is not readily conceived without some elucidation. This concerns chiefly several thousand kilometers of unprofitable railroad lines—unprofitable to the PKP but perhaps profitable to other enterprises. The PKP wants to lease these lines as soon as possible.

The proposals presented are, it must be clearly stated, still mere proposals—to be sure, their provisions have already been coordinated with various ministries, but they have not yet been discussed by the Economic Committee of the Council of Ministers. It is thus difficult to predict the course of the rail reforms. One thing is certain: The [reform] delays already exist and will snowball with every additional month. Will the railroads endure this? Will their old structures and systems still survive for some time?

Bank With Role in Housing Development Opens

91EP0453B Warsaw *RZECZPOSPOLITA (ECONOMY AND LAW supplement)* in Polish 15 Apr 91 p 1

[Article by Malgorzata Szyszlo: "Modernity and Tradition"]

[Text] The Housing Construction Development Bank (a stock company) in Warsaw received its first clients last October. However, its official opening took place on the 12th of this month.

"A half year's operation under field conditions has permitted us to put a basic range of services in place and prepare ourselves to provide full banking services," Wojciech Miernik, board president, told *RZECZPOSPOLITA*. "To date, we have granted several dozen credits for various purposes, including those connected with the restructuring of construction. We will be putting into practice the decisions of a new housing policy. Its fundamental idea is mortgage credit—one of the conditions for solving the housing problem in accordance with the principles of a market economy. The bank may also take on the role of a leading institution on the secondary mortgage credit market. During the initial period, we were set up mainly for short-term credits. This is understandable considering our modest, at first, deposit receipts. This year we have expanded our operations and are also granting medium-term credits. By so doing, we are complying with the planned changes in the system for financing housing construction. It is envisaged that long-term credits granted to owners for the purchase of dwellings, will be separated from the medium-term credits drawn by an organizer, investor or contractor for a two-year period of construction."

The bank sees its role as not just a creditor. It also wishes to be a partner in business for persons, enterprises, and organizations acting in the field of housing construction. It plans to set up companies with enterprises, investors, and organs of territorial self-management, building houses for resale. It regards them as more than just a business. "We would like to see the ventures accomplished with our financial participation become the precursor of technological and organizational transformations in construction," says Miernik. There are already examples of such activity.

As reported at a press conference, talks with the mayor of Zielona Gora are already well underway. It will make developed land available. Bud-Bank—money and finished houses [as published]. They will be sold according to rules of commerce. The profits will be divided proportionally to the inputs. The authorities of Zielona Gora intend to designate the money earned on this transaction for municipal construction. A similar agreement has already been signed with Mayor Tomasz Mazowiecki, and any day now will be signed with the mayor of Jozefow near Warsaw. The most difficult talks are those that are now underway in the capital. According to the mayor, the method of thinking stands in the way of bringing them to a finish. It is hard to say that talks are serious when the mayor fixes the price of a building lot in one section of the city at \$750 per square meter. (For comparison, in a similar region of Paris the price is \$400 per square meter.) This price rules out the transaction. After all, even if tents were set up on this lot, no one would buy them anyway.

The bank will concern itself with more than just credits for construction. It will also handle the accumulation of zloty and foreign exchange deposits, checking and bill of exchange operations, leasing, administration of funds on instruction, etc. It should be added that as of 12 April, the bank reduced the interest rate on credits granted. It now averages 70 percent.

President Miernik emphasizes that this institution wants to be a modern bank, one which cultivates the traditions of integrity, reliability and security.

The bank's founding capital amounts to 46.2 billion zlotys, in 46,200 shares at 1 million zlotys each. The main stockholders are the State Treasury, represented by the minister of land management and construction, and the General Savings Bank (State Bank). Each of them owns 20,000 shares. Eleven voivodship administrations own a total of 4,075 shares. Among other legal persons who bought over a thousand shares are construction-assembly enterprises, housing construction cooperatives, and enterprises in the construction materials industry. Natural persons bought 1,100 shares.

Credits Proposed for Housing Industry Development

91EP0446A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 3 Apr 91 p 1

[Article by Malgorzata Szyszlo: "Housing Credits: A Joint Project of the Government and the World Bank"]

[Text] There is unanimity on this matter. A change in the principles of financing housing construction by basing it on a mortgage-type loans is, in the opinion of both financial experts and builders as well housing applicants, a fundamental prerequisite for stimulating the growth of this branch of the economy and appreciably increasing the extent of the housing erected.

"The project of the Polish government and the World Bank for financing housing construction in this country (PFB) [Construction Financing Project] is intended to promote housing construction in accordance with the principles of a market economy," sated Wladyslaw Jan Brzeski, chief of the project and adviser to Deputy Prime Minister Leszek Balcerowicz. "Together with World Bank experts we are working to develop a qualitatively new credit system. The funds, which we estimate at about \$400 million in the next few years, will come one-half from the World Bank and the other half from our domestic reserves, that is, among other things, from the savings of housing applicants, from the State Budget, and from share owners such as probably other banks.

"The PFB is to create a housing loan fund integrated with the existing banking system. That is, the banks will lend money from that fund for two kinds of credit: construction loans and mortgage loans. This will be handled by all the banks officially registered in this country," W. J. Brzeski emphasized.

It is assumed that construction loans will be granted for building multifamily and single-family housing in a variety of buildup areas. Under PFB guidelines a bank will grant credit for the duration of the construction, but for not longer than three years. The new time limit is intended to shorten the construction cycle. At present more than 60 percent of single-family housing is built over periods of time exceeding three years. The borrower could build for his own needs or for sale. In the former case, once the housing is built the construction loan is to be transformed into a mortgage loan. In the latter case, the borrower must repay the loan after selling the housing.

The interest rate on construction loans would be the same as the market rate, and it would similarly be adjusted at quarterly intervals depending on the economic situation, and especially on the inflation rate. The borrower would not be given the entire credit once construction commences; it would be disbursed to him gradually, in measure with the progress of construction operations.

Individuals, private enterprises, cooperatives, and joint-stock companies in which gminas own shares, would be eligible for the loans provided that they have the needed land available. That land is to serve as the collateral for the loans. The proposed solutions do not specify the minimum or maximum amounts of the loans.

"Any loan application involving a major investment project will have to be screened by the Construction Financing Project Office whose experts will evaluate the proposal both in its technical aspects—that is, with respect to technology, kind of materials, and construction timetable—and in its financial aspects, that is, chiefly whether the proposal would be profitable," W. J. Brzeski declared.

Any investor applying for a construction loan would have to contribute funds of his own equal to 20-30 percent of the construction costs, with the proviso that the value of the land he contributes can be credited to that contribution. All proposals made with the participation of entities outside the private sector are bound by the bidding requirement. In the opinion of the framers of this project such a requirement should encourage the application of low-cost technologies and the reduction of construction costs.

As for mortgage-type loans these would be granted to housing buyers. Their amount is to be decided by two factors: the price of the dwelling purchased and the monthly income of the family. The maximum amount of such loans is to be 80 percent of the price of the dwelling, with the proviso that the loan may not be higher than 35 times the monthly income. For example, for a monthly income of 3 million zlotys, the loan granted may not exceed 105 million zlotys. The difference between the price of the dwelling and the amount of the loan would have to be covered from the buyer's own funds.

As in the case of construction loans, mortgage-type loans would bear a variable interest rate depending on the market conditions, but with the proviso that the first monthly payment of interest and principal would amount to about 25 percent of the family income. As stressed by W. J. Brzeski, this payment would be reckoned according to actual family income at the time the loan is granted. Subsequent monthly payments would be calculated with allowance for the corrections ensuing from the double indexation system, that is, from the increases in prices and in the wages paid in six basic branches of the socialized sector. Arrears in payments would be capitalized, i.e., debited to the principal owed. The period of loan repayment would thus be variable, contingent on the inflation level and changes in income. Although other solutions are possible, most likely a 20-year period, more or less, would be standard for repaying the entire loan together with interest. W. J. Brzeski concluded

The construction loans will most likely begin to be granted in the second half of this year. It is to be hoped that then, also, the mortgage-type loans will also begin to be granted, although specific guidelines for granting them have not yet been conclusively determined.

Planning Administration Figures on New Businesses

*1U 2005113291 Warsaw GAZETA WYBORCZA
in Polish 13 May 91 p.2*

[Article by (pn): "Companies Are In"]

[Text] The first three months of this year saw the appearance of many private companies, but few private businesses. Many joint ventures were established, but the total number of them is still modest. According to experts at the Central Planning Administration [CUP], who analyzed the progress that had been made in privatization during the first quarter of 1991, most of the retail trade and the services sector has been privatized and the high point of small-scale privatization is behind us.

During the first quarter, an additional 5,675 private companies were formed. This means that their number

has increased by about 70 percent since December 1990. The greatest number of them, that is, about 25 percent, were set up in Warsaw.

Joint venture companies account for barely 6.5 percent of all private companies, but, during the first three months, their number increased by almost 45 percent compared to the end of 1990.

Not all that many private entrepreneurs decided to set up businesses of their own. According to CUP experts, about another 27,000 were established, whereas over 103,000 were established during the last three months of 1990. They maintain that this is probably connected with the abolition of tax breaks for new businesses from 1 January and a marked increase in interest rates on loans.

In some voivodships (including Gdansk and Lublin) the privatization of retail and service sector outlets has almost been completed.

The first few months of this year saw a nationwide drop of 40 percent, compared with the final quarter of 1990, in the number of shops, service outlets, workshops and industrial premises that were privatized.

Renting remained the main form of small-scale privatization. For example, of the 5,220 shops owned by local government authorities that were transferred into private hands during the first quarter, only 81 (1.6 percent) were sold. All the rest are being rented.

The CUP reports that 120 firms have gone into liquidation (14 state enterprises, 80 private companies, and 26 cooperatives). That is significantly more than before (for example, in the final quarter of 1990 only 64 enterprises entered bankruptcy proceedings).

During the first quarter, there was an increase in the application of various types of recovery measures in state enterprises. Recovery plans were being implemented in 151 firms (that is almost 50 more than in the final three months of 1990).

During the same period, 66 state firms employing over 45,000 people were broken up (most of them were in the following voivodships: Koszalin, Szczecin, Torun, and Elblag). More than half the enterprises that were broken up were state farms.

CZECHOSLOVAKIA

Recent Survey of Ethnic Groups in Slovakia

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[Article by Eng. Eva Halasova and Eng. Milan Olexa, Slovak Bureau of Statistics: "Ethnic Composition of the Population of the Slovak Republic During the 1980-89 Period"]

[Text] The first census in our republic held in 1921 determined that ethnic minorities on the territory of Slovakia comprised 34.9 percent of its population; according to the second census in 1930, the number of members of non-Slovak nationalities declined to 32.3 percent. The deportation of most of the German nationals and the partial exchange of the Hungarian population after World War II drastically reduced the share of ethnic minorities in Slovakia. This is confirmed by the results of the 1950 census where the share of nationalities other than Slovak represented only 13.4 percent, and that situation remained basically unchanged until 1980. This clearly proves that, in terms of adherence to individual nationalities, the population of the Slovak Republic is quite homogenous because its overwhelming majority is of Slovak nationality.

The relatively high rate of migration to the Czech Republic (39,500 Slovak nationals) notwithstanding, the declining birth rate of the population in the 1980's (15.2 live births per 1,000 citizens in 1989 as compared with 19.1 in 1980) produced only minor changes in Slovakia's ethnic structure.

Ethnic Structure of the Population of the Slovak Republic in 1980 and 1989

Nationality	Absolute Number		Structure in Percent	
	31 Dec 1980	31 Dec 1989	1980	1989
Slovak	4,321,734	4,585,416	86.50	86.72
Czech	57,257	64,273	1.15	1.22
Ruthenian-Ukrainian	36,869	38,797	0.74	0.73
Russian	2,424	2,536	0.05	0.05
Polish	2,096	2,662	0.04	0.05
Hungarian	559,765	577,614	11.20	10.92
German	2,917	2,641	0.06	0.05
Other	13,267	13,724	0.26	0.26
Slovak Republic—Total	4,996,329	5,287,663	100.00	100.00

During the 1980-89 period the population of Slovak nationality marked its highest absolute increase of 263,700, i.e., 6.1 percent. Women had a more pronounced share in that growth. The ratio was 817 males per 1,000 females. Men's lower rate stemmed, on the one hand, from their higher mortality rate and on the other,

from their greater reduction due to their migration to the Czech Republic. The share of the Slovak nationality in all of Slovakia's population rose 0.2 points to 86.7 percent during the period under study. At the end of 1989, 4,585,400 citizens of Slovak nationality, 51 percent of them women, resided on the territory of the Slovak Republic.

The second most numerous nationality residing in Slovakia is the Hungarian population. During the 1980-89 period its absolute number increased by 17,800, i.e., 3.2 percent. Nevertheless, with the exception of the German nationality which experienced a decline, this population growth was the relatively lowest one among all nationalities. It was caused by a low birth rate which was affected, among other things, by the adverse age structure of the Hungarian population, because the share of its part above the prereproductive age is 3.4 points below the average for Slovakia as a whole, while the share of the postreproductive component of the population is 4.3 points higher. The ratio of the Hungarian minority in the population of the Slovak Republic follows a declining trend. It has dropped from 11.2 percent in 1980 to 10.9 percent in 1989. Toward the end of last year, 577,600 persons of Hungarian nationality resided in Slovakia. From the territorial point of view, most Hungarians reside in the West Slovakia kraj. On the territory of that kraj 369,400 persons, i.e., 64 percent of all Hungarians domiciled in Slovakia, claimed Hungarian nationality as of 31 December 1989. Hungarians make up 88 percent of the entire population in the okres of Dunajská Streda and 72 percent in the Komárno okres. The Hungarian population represents a share of over 40 percent in the okreses of Galanta and Nove Zamky, while its share in the Levice okres is approximately one-third. Of all the inhabitants of the West Slovakia kraj, 21 percent claim the Hungarian nationality.

Of the less than 90,000 Hungarians who reside in the Central Slovakia kraj more than one-half are concentrated in the okres of Rimavská Sobota, one-fourth in Lucenec, and 16.2 percent in the okres of Veľký Krátis. The Hungarian minority represents 5.5 percent of that kraj's entire population.

More than 95,000 citizens of Hungarian nationality who inhabit the eastern part of the Republic comprise 6.4 percent of all of East Slovakia's population. Most of them—nearly one-half of the above-mentioned number—are concentrated in the okres of Trebišov and then in the okreses of Rožňava and Košice-Suburbs. More than four-fifths of the Hungarians in that whole kraj reside in the three above-mentioned okreses and thus, their concentration in other okreses of East Slovakia is low.

However, when analyzing the ratio of the Hungarian ethnic minority, the fact must be noted that it also includes the Romany [Gypsy] population. That ethnic group still has a high birth rate, which also "enhances" the overall fertility rate of Hungarian nationals. Evaluation of birth rates in smaller territorial areas, such as okreses, reveals considerable differences in the fertility

rate of women in the so called "Hungarian" okreses in the krais of West Slovakia and of East Slovakia. While the fertility rate in East Slovakia's okreses with a sizeable share of the Gypsy population is about 80 per 1,000 women of reproductive age, in the okreses of Dunajska Streda, Galanta, Nove Zamky, Komarno and Levice, where the concentration of Gypsy population is low, women's overall fertility rate is 25 percent lower. The low fertility rate of the Hungarian population is given, among other things, by its national mentality and traditions stemming from its Calvinist religious faith and its doctrine about the indivisibility of property, which led to the already mentioned adverse age structure of that population. The age structure of the Hungarian population is close to the age structure of populations in West Europe, i.e., populations where the process of a demographic revolution had begun considerably earlier than in most states of East Europe and where at present the process of the aging of the population is already very much in evidence.

Consequently, future studies of the fertility rate of ethnic Romanies should realistically take into account the relative and gradually also the absolute decline of the Hungarian ethnic minority in our country.

The population of the Czech nationality is the third most numerous ethnic group living on Slovakia's territory. From 1980 to 1989 it marked an increase of 7,000 persons, 3,800 of them women. As compared with 1980, the number of Czechs was up 12.3 percent, which represents the second highest absolute increase among all nationalities residing on Slovakia's territory. The rate of its increase, however, was uneven. While during the 1980-85 period its growth amounted to 1,600 from 1986 to 1989 the increase amounted to 5,400 persons. Until 1985 the increase was largely caused by migration; beginning in 1986, the number of the Czech nationals was increasing mainly because of their higher natural growth.

From the regional point of view, most of Czech nationals reside in Bratislava (nearly 14,000) and in the okreses of Senica, Trencin and of Kosice-Midtown (a total of more than 12,000). The share of Czech nationals in Slovakia's population has risen from 1.15 percent in 1980 to 1.22 percent in 1989. As of 31 December 1989, 64,300 citizens of Czech nationality resided in Slovakia.

None of the remaining ethnic minorities living on the territory of Slovakia comprises 1 percent of the entire population. The most numerous is the Ruthenian-Ukrainian nationality with 38,800 persons, which is 0.7 percent of the total population of the Slovak Republic (we state the name of that nationality pursuant to law No. 144/68 of the Collection of Laws). Over the past nine years its increase amounted to 1,900 persons, i.e., 3.5 percent. In terms of gender, its growth was quite uneven, to the detriment of males whose number increased by 635, while the number of females increased by 1,275. Such a conspicuous prevalence of women in the increment of Ruthenian-Ukrainian nationals is due to the fact that in most cases it concerns women who have moved to our area as wives of

Slovak men who had studied in the Soviet Union (it is the same with Russian nationals whose number increased by a total of 112 persons, 101 of them women).

Polish nationals increased by 566 persons, 161 of them men and 405 women. Women, with 73 percent, were in clear majority among Polish nationals during the entire period under study, mainly because these women had moved to Slovakia as wives of Slovak men. The Polish ethnic minority marked its highest relative growth and an increase of 27 percent over 1980.

The only nationality with both an absolute and a relative decrease during the 1980-89 period was the German minority. The number of German citizens declined by 276 persons, i.e., 9.46 percent. Because its birth rate has been declining for many years, the German population has the most adverse age structure and in practical terms, it is gradually dying out in Slovakia.

As of 31 December 1989, the population of the Slovak Republic numbered 5,287,700. Since 1980 the number of its citizens was up 291,300, i.e., 5.8 percent. More than 90 percent of that increment were Slovak nationals, 6.1 percent were Hungarians, and 2.4 percent were citizens of Czech nationality. The Russian, Polish and German nationals hold a very slim share in the population of the Slovak Republic. The ratio of other and not stated nationalities, which remains practically unchanged, represents 0.26 percent of total Slovakia's population.

Because of an increased interest in ethnic issues and the need of a better insight in the situation and development of the ethnic structure, beginning in 1991 certain changes will be introduced in the demographic statistics of the CSFR.

In the planned census of our population, houses and apartments as indicator of nationality will be expanded by the Romany ethnic group. This method of amending the indicator of nationality was adopted also for statistical data on the mobility of the population (line population), which will facilitate more thorough studies and evaluation of ethnic characteristics of our population and state between individual censuses. The census will provide a data base divided up to communities, which will be followed by demographic statistics that will process demographic information according to nationalities. In addition to initial data for each nationality classified according to gender, it will enable percentile calculations of the relative structure, and furthermore, information according to gender, age and nationality categories, mobility of the population in individual okreses according to gender and nationality, and so on.

The compiled data will serve as a groundwork for statistical analyses of ethnic structures in individual demographic progressions (birth rate, marriage rate, migration) as well as information for the need of educational, social and cultural policies in ethnically mixed areas. This information will be stored in the data bank of the Slovak Bureau of Statistics from which various users may obtain other, especially nonstandard data they need.

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